

NEWS SUMMARY

ERAL

BUSINESS

Bomb
ache
ound:
2 held

shire police have found a cache of explosives in a small area of Southampton for its large Irish community. They were hidden in a store a block of flats just two from where police found an IRA bomb factory a year ago.

Explosives were found on May 1, but police only arrested the discoverer yesterday, retaining 42 men under the Terrorism Act.

One of the Irishmen being held lives in the 15-storey block of council flats where all have keys to copy in the ground floor store. He said last night that no had been charged and inquiries were being held so that those who did need to be held could be held.

h songs

lier police said: "The quantity of explosives found would be sufficient to make 80 devices of the type used in the London

tenant said Irish rebel could be heard and seemed to be "coming and at all hours of the day and at one flat."

e charged in
sh hush'
nap case

men, aged 20 to 48, are to be argued with kidnapping Miss Kaliqirion, an 18-year-old Cypriot student. Scotland announced last night, Miss Kaliqirion was held captive for days in a Kentish Town, London, house, while TV and radio co-operated police to keep the kidnapping secret. Police said that a substantial amount of a £10 ransom had been offered. The men are due to appear at Tottenham Court to

Inco police
est 30

eral Franco continued to keep alive artificially, it was agreed that 30 more political prisoners of his regime were freed during the weekend, totalling to nearly 500. The total number of detentions in the past 11 weeks, Algerian press claimed that part of the Sahara's deal includes a pledge to bring economic pressure on Gibraltar. Page 5

ys tune in

head's secrets

that schoolboys are eavesdropping on teachers' conversations. The school is contained in the office of the Assistant Head's Association. Instances cited include that of a boy who bugged a confiscated radio and listened to conversations in the head's study. In another incident a headmaster's telephone was tapped.

awler crew
scued by RAF

RAF helicopters fought their way through a Force 10 gale yesterday and rescued six crew from the stricken Belgian freighter, Damar, 20 miles east ofborough Head, Yorks.

leffy ...

olk police are to buy foreign motor-cycles because spare parts not be obtained for three Irish machines. In Gloucester, the Irish set fire to six imported Irish motor-cycles still in packing cases.

es of Imperial Tobacco routes go up to-day, marking beginning of an expected end of increases through the industry. Page 4

U.K. and Miss U.S. are broken joint 7-1 favourites to the Miss World contest, on Tuesday, but William Hill importers, shipping companies and airlines.

Swifter
code for
engineers'
disputesDoubts at summit
over strength
of U.S. recovery

BY WILLIAM KEEGAN and ROBERT MAUTHNER

PARIS, Nov. 16

In an important move to restore confidence in the world economy, President Ford assured the heads of the five other Governments attending this week-end's summit at Rambouillet that the U.S. economic recovery was well under way and set to continue.

The President's optimistic forecast was made in the course of an intensive session of talks, in which the leaders of the six biggest Western industrialised nations—the U.S., France, Germany, Italy, Japan and the U.K.—covered the general world economic scene, international trade and monetary matters, energy, and relations with the developing world.

The optimism here is not unanimous, however, and the British, in particular, have expressed concern about the sluggishness of the European economy, and the danger that the U.S. recovery may peter out.

Mr. Wilson called on other leaders not to reduce their budget deficits "precipitately" and urged that countries should be ready to act quickly to keep their economies on a recovery recession.

This will please the Left-wing of the Labour Party but highly placed sources here insist that the U.K.'s import control policy is certainly being worked out, no definite decisions on implementation have yet been taken.

Another key development during the weekend, which has seen a special meeting of Finance Ministers this morning on Trade and Development (UNCTAD), for four more seats and a number of bilateral discussions, is the feeling that the U.S. and the French are closer to resolving their differences on exchange rate flexibility.

It is evident that the French are now prepared to accept a gesture by the U.S. which will

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Import control
demands grow

DEMANDS for import controls are growing in another British industry suffering from short-time working and unemployment. Manufacturers of industrial fasteners—mainly nuts, bolts and screws—claim that finished goods from Taiwan are being offered in the U.K. at prices below domestic material costs. Page 4

LATEST INDICATOR of the depth of the present textile recession comes from the British Man-Made Fibres Federation. Its figures show that output is 17.5 per cent down on last year, and 24 per cent below that of 1974. Page 8

Farmworkers'
pay talks to-day

AGRICULTURAL WAGES Board for England and Wales meets today. The recent BIS deal for Scottish farmworkers is expected to have a strong influence on negotiations. Page 7

BRITISH INSTITUTE of Management members feel that the Government should give the institute equal recognition alongside the TUC and CBI in consultations on national matters. Page 4

PRESSURE for more favourable treatment for financial assets under any post-Sandlands financial accounting system is expected from the big banks. They fear they would be at a disadvantage if adjustments to recognise the effect of inflation on industrial companies were not adapted to apply to them. Page 4

GOVERNMENT DECISION whether to remove the financial services group from the shipbuilding nationalisation list is expected shortly. The future of the Humberstone company has been uncertain since it was put into the hands of the receiver in September. Page 8

ALLIED BREWERIES chairman, Mr. Keith Showering, has firmly denied that the group is about to dispose of its 26 per cent interest in Trust Houses Forte. Page 34

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Growth of money supply
slowed down last month

BY ANTHONY HARRIS

THE GROWTH of the money supply slowed down last month after what are officially described as "erratic" high increases in the previous two months. The 4 per cent cut in Minimum Lending Rate on Friday signalled the satisfaction which the authorities clearly feel about this development.

The narrow version of the money stock, M1, rose by only £30m. in the month to October 15, compared with £365m. in the previous month.

This shows a seasonally adjusted growth rate of 19.6 per cent over the past three months, well below the growth of money GNP, and showing little significant acceleration from the 18.25 per cent rise for the full year.

There was also a slowing in the growth of the broadly defined money stock, M3, which is the more important of the two measures for official monetary policy, although it was not nearly as significant.

The rise was £29m., or 8.0 per cent on a seasonally adjusted basis; the growth over the past three months, at an annual rate of 16.3 per cent, shows a considerable acceleration from the 12-month rise of 10.5 per cent.

This suggests that the take-up outside the market must have been at least £300m., and possibly substantially more.

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The North Sea proceeds issue

By C. GORDON TETHER

IT IS to be hoped that the men elsewhere in Norwegian Finance Minister's. At the same time, it is clear that, if recent predictions that leaving some North Sea oil and the North Sea will be capable of gas in the sea bed may be just producing by the early 1980's as good business for Norway as far more oil than will be needed extracting it, it will breathe requirements are justified, it is of crucial importance for the not too early for this country to future of this country but which is being done some thinking of the has as yet hardly got off the kind that surfaced in the ground — what conservation Norwegian Minister's statement policy for such assets would make most sense for Britain? Such an examination of the conservation versus fast extraction issue has obviously got to start by asking whether the present generation would be doing the right thing by its children and grandchildren if it were to consume the nation's North Sea heritage so fast that there was going to be little left for them.

The private companies engaged in the exploitation of the North Sea oil and gas reserves will doubtless see their purposes will be best served, in broad terms, by getting all the available fuel out of the ground as fast as possible so as to maximise the return on their capital. But it does not necessarily follow that such an approach is in the best interests of the British people.

By comparison

A great deal depends from the national point of view on what use is going to be made of the proceeds of disposing of fuel production which is surplus to the nation's own requirements. The point made by the Norwegian Minister was that, while there was nothing to be said against using such money for investment abroad, inflation and political upheavals often led, sooner or later, to a sharp reduction in the real value of such investment.

He then went on to suggest that, by comparison with such assets, petroleum reserves beneath the North Sea were probably fairly well-placed. This was because a gradual rise in the relative price of petroleum would represent interest earned on the untouched assets, making them an investment which could compare favourably with financial investment abroad.

The British case is not, of course, on all fours with that of Norway. For, in the absence of a stringent conservation policy, the amount of surplus money that could be generated for the Norwegians by the development of the North Sea resources could be very large indeed in relation to their country's economic size. Since for this and other reasons they would have less room for manoeuvre in giving it employment, they would be under very much greater pressure than Britain to channel it into investment.

Good business

There is, of course, the fashion argument that technological progress in the nuclear energy field is certain to ensure that the world can be kept adequately supplied with fuel as the oil reserves run out — meaning that we shall be harming only ourselves if we conserve North Sea

revenues for future generations.

But it would be reasonable to say that such advancement that it will be possible to believe in it when one sees it. After all, the development of nuclear energy over the past 30 years has not by any means fulfilled the expectations of its original advocates. In short, it would seem advisable — other things being equal — to lean on the side of conservation rather than the reverse.

Leaving that aside, however, it will still be necessary to consider — as in the Norwegian case — what use is going to be made of oil production that is surplus to Britain's requirements before deciding how fast and how far our output should be allowed to rise.

It may be argued that it would be good business in the British case to aim at a fast rate of extraction so as to put the country in a better position to undertake the rehabilitation of its industrial structure. But, if so, it will be necessary to ensure that the surplus is used for that purpose and not for continuing a rake's progress form of life — as the proceeds of the exploitation of North Sea gas appear to have been.

What does seem clear is that, if the only use to which any surplus is going to be put is financial investment, the arguments for keeping the oil in the ground which the Norwegians have adduced would have hardly less force in our own case.

UNTIL A decade ago it was thought that there was no liability in law for financial loss caused by negligent misstatements unless there was a contract between the maker and the recipient of the statement, or unless fraud could be proved.

In 1964 the House of Lords in *Hedley Byrne & Co. Ltd. v. Heller & Partners Ltd.* revolutionised the law in this respect. Since then a series of cases has established the liability of all professional (and some non-professional) men for their negligent acts, irrespective of the injured person being their client.

The latest class of professional men to join the ranks of those amenable to action for negligent misstatements is the accountant/auditor. In *Arenson v. Cossor Beckman Ray & Co.* the House of Lords last week held that auditors of a private company, who on request valued shares in the company in the knowledge that their valuation would determine the price to be paid for the shares under a contract for their sale, were liable to be sued if they made their valuation negligently.

The route through which the auditors defended that case was the rule of English law that judges and arbitrators are immune from negligence actions in respect of their judicial duties.

Inexpedient

The lower courts had held that, where the person is in the position of an arbitrator, with a duty to hold the scales evenly between two other parties for the purpose of resolving by the exercise of his own judgment a matter that is not agreed between them, it is inexpedient that the law should entitle an arbitrator to disclaim his liability by disclaiming specifically his liability from any legal action.

Judges and arbitrators have traditionally been lumped together for the purposes of maintaining the immunity, if there is a fundamental difference in their skill in the exercise thereof, and that if they are negligent in performing their task they will be liable in damages. If that were to become the law, there would be nothing to stop an arbitrator protecting himself by disclaiming specifically his liability from any legal action.

Arbitrators are not infrequently selected by the parties for their expertise, whether technical or intellectual, pledging their skill in the exercise thereof, and that if they are negligent in performing their task they will be liable in damages. If that were to become the law, there would be nothing to stop an arbitrator protecting himself by disclaiming specifically his liability from any legal action.

The Law Lords rejected the idea that a valuer of property is in the same category as an arbitrator.

Where a person is under a duty to act with care with regard to another person and there is a breach of such duty causing damage to the other person, the public policy demands that such damage should be made good to the party to whom the duty is owed. It was wrong in principle to freewheel by analogy from the arbitrator's immunity, as if it were not exceptional and as if one of responsibility. Immunity is wholly exceptional and could not be extended beyond the limits of what the law allows.

If the reasoning of the Law Lords had ended there the case tried by others. Nor does among the staff.

would be consigned to the legal textbooks as just another application of the *Hedley Byrne* principle. Some of the Law Lords, however, gave notice that they were not too sure that there were solid grounds for extending the immunity beyond judges to arbitrators.

What is the essential difference between the typical valuer, the auditors in *Arenson's* case, and an arbitrator? It is claimed that the arbitrator deals with disputes between parties, bears evidence from them and listens to submissions from them.

Unlike the valuer, his role is said to be that of a judge. The need to confer immunity on the judge arises from the character and origin of the judge's appointment, not the duties which the judge has to perform or his method of performing them. When viewed in this light, the judge is a totally different creature in society to the arbitrator.

Lord Salmon ended his speech in *Arenson's* case by saying that there may be circumstances in which a person, even if he is formally appointed as an arbitrator, may not be accorded immunity; "that does not, however, arise for decision in the present case, but it may have to be examined in the future."

The potential vulnerability of arbitrators may have the effect of lessening the forcefulness of the doctrine preached by the sandwichman who used to parade outside the Royal Courts of Justice with the message: "Arbitrate, don't litigate."

Unless the practice grows up of arbitrators exempting themselves specifically from liability for their negligence, there may be less willingness on the part of trade associations to provide an arbitral system. Commercial men may then begin to take their disputes back to the courts of law.

"1964 A. C. 465.

Charity drive

Charity drive

Stock Exchange

Top names from the world of British entertainment will be at the Stock Exchange tomorrow to launch one of War On Want's biggest ever Christmas fund-raising campaigns, including actor Andrew Crisford, singer/songwriter Peter Cook, D. J. Ed Stewart and from "Upstairs, Downstairs" Lesley Anne Down. The stars will distribute "Poverty Lunch Vouchers" — a new fund-raising idea from the charity to members of the Stock Exchange and the public. A quarter of a million vouchers will be distributed nationally to supporters. War on Want groups, trades unions and a variety of societies and social clubs.

Companies have been approached for their support in organising poverty lunches

TV Radio

BBC 1

Indicates programme in black and white.

9.45 a.m. For Schools, Colleges. 10.45 a.m. You and Me. 11.00 a.m. For Schools, Colleges. 12.15 p.m. Anno Domini. 1.00 p.m. Pebble Mill. 1.45 p.m. Ben. 2.01 p.m. Schools, Colleges. 3.38 p.m. Regional News (except London). 4.30 p.m. School. 4.45 a.m. 4.50 a.m. 4.55 a.m. 4.58 a.m. 5.10 a.m. John Craven's Newsround. 5.20 a.m. In the Private Eye. 5.40 a.m. Magic Roundabout. 5.45 a.m. Nationwide. 6.50 a.m. The Goodies. 7.20 a.m. Angels. 8.10 a.m. Panorama Special: Coming Schools in Scotland. 3.35-4.00 p.m.

Apart? The Devolution Debate. 9.00 a.m. Party Political Broadcast on behalf of the Labour Party. 9.10 a.m. News. 9.25 a.m. The Monday Film: "Loving" starring George Segal. 11.00 a.m. To-night Special: Coming Apart? The Devolution Debate (part 2). 11.25 a.m. Weather. Regional News. All Regions as BBC 1 except at the following times: — Wales—1.45-2.00 p.m. Piti. 5.45-6.50 a.m. Wales To-day. 6.50-7.20 a.m. Heddif. 11.25 a.m. News and Weather for Wales. Scotland—11.00-11.20 a.m. For Schools in Scotland. 3.35-4.00 p.m.

BBC 2

3.00 a.m. Play School. 3.00 p.m. On the National Health.

3.30 Representing the Community.

7.05 The Selling Line.

7.30 Newsday including a profile on King Hussein of Jordan.

8.10 The Waltons.

9.00 Party Political Broadcast on behalf of the Labour Party.

9.10 Prometheus: The Life of Balzac, episode 5.

10.00 Colossus.

10.55 Diversions.

11.25 Newsnight.

11.40 Closedown. Hugh Burden reads "Refrain," by Sister Mary Aenes.

12.00 a.m. This is Your Right.

12.30 a.m. Grampian News. Headlines.

1.30 a.m. 2.30 a.m. Monday Matinee: "A Snowy Palace." 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a.m. 9.00 a.m. 9.30 a.m. 10.00 a.m. 10.30 a.m. 11.00 a.m. 11.30 a.m. 12.00 a.m. 12.30 a.m. 1.00 a.m. 1.30 a.m. 1.30 a.m. 2.00 a.m. 2.30 a.m. 3.00 a.m. 3.30 a.m. 4.00 a.m. 4.30 a.m. 5.00 a.m. 5.30 a.m. 6.00 a.m. 6.30 a.m. 7.00 a.m. 7.30 a.m. 8.00 a.m. 8.30 a

Ariadne on Naxos

by RONALD CRICHTON



Janet Baker

first new production in sh Opera's nice new home Theatre Royal in Glasgow auss' Ariadne on Naxos. Dan Del Mar, a leading s expert, conducts the sh Chamber Orchestra. my Besch produces, in as by Peter Rice. The first mance, last Wednesday, led many good things, some to, the two halves of the (given in the second ver without Moliere's Bour- Gentilhomme but with anasth's Prologue) stand part, even more, sharply usual. The Prologue is ed by Janet Baker as the user. This was her debut e role, and with a single same the was true of other member of the cast. riting from the not entirely table premise that Strauss red the forms and dance ms of the earlier centuries selected to use the musicals of his own day." Mr. has updated the action to bring the ungrateful wish that actors and designers would renounce a not in istible style which has dly become as much of a stage rooco.

set for the Prologue, a man's private theatre with rden auditorium under a cupola, is ingenious, rate, and rather difficult read—in a visual equiva of a Freudian slip, the s for the spectators could nistaken for tomb stones. Besch imagines Viennese eaux riches snapping up t and Schiele, but one set more of them would settled for Böcklin-esque h like Mr. Rice's set for Opera proper, a rocky land with a broken column or the amiable Gemütschick. of

two and a pretty backdrop of halycon-blue Aegean. At least the later period spares the music is killed stone dead. Zerbinieta is the charming Norma Burrows, sparing of perness to the point where one almost wants a touch of hardness and brilliance to lend wings to the remarkably supple and relaxed coloratura of her aria.

Even allowing for company and orchestra's newness to the work and for the fact that the production is not yet played in, there was a suspicion during the second half of the evening of unfamiliarity, not with the notes, but with the style. Except for a melodious Echo (Patricia Greig) the three nymphs for all their enthusiasm never made the right kind of sound. The comedians, too, with their antics, sang too lightly. The Harlequin, Gordon Sanderson, has a voice of fine clarity without quite the cajolery that the role requires. The Theatre Royal's acoustics may now be confirmed as excellent, but this does not absolve singers from projecting their tone.

The Ariadne was an exception. Linda Esther Gray is young for the unspectacular but demanding title-role, and her voice had some thinish patches in the middle range. But she shaped the long phrases as if she knew them inside out, and the high notes rang out splendidly. The Bacchus, Hugh Beresford, was no more inspiring than most tenors in this unconvincing part, finding his form belatedly in the last phrase of all (there is a transformation scene at the end in film, azure Kokoschka style, pleasing, if out of keeping with the cave set). Norman Del Mar, invariably courteous to his singers, played down the brittle, quicksilver scoring of the Prologue in favour of the lyrical style. The scene for the Composer and Zerbinieta threatened to go soppy—or was Miss Baker's ardent sincerity unintentionally exposing a lack in the music normally disguised? In the Opera there was some uncomfortable intonation from the orchestra, but the playing was affectionate.

Martin-in-the-Fields

Cain

by ELIZABETH FORBES

essandro Scarlatti, who died years ago last month, left the stream by which the brothers Cain's attack on Abel.

The performance, though well prepared and sung with evident appreciation of their music by the soloists, did not sufficiently stress the dramatic element nor did it bring out all the emotion inherent in the score. Henry Ward, the conductor, set a rather brisk pace which suited the sander Scarlatti Orchestra, livelier pieces but which did not allow the more receptive numbers, such as Eve's lovely second aria, smoothly sung by Susanna Ross, sufficient room for expansion. There was also a more serious imbalance in the vocal distribution. Cain, written for male alto, was sung by a countertenor (Mr. Bremner), but Abel, originally for male soprano, was given to a tenor (Philip Griffiths), which upset the balance of their duets, making Abel seem the elder, dominant character of the two.

It is indeed a dramatic link with the six characters all fully drawn and different in their music. About the numbers are the few duets, between Cain and Eve, or between Cain and Abel, after the murder, extended dialogue between Cain and the Voice of God. The orchestra (strings, harpsichord) frequently leant on the side, as in the early expressive reduction, to Linfield's first a. or the evocation of the validity, in a concert perform

ance, where drama is created by the voices, a better solution, surely, would have been a female soprano. The scene between Cain and the Voice of God, sung by Andrew Dalton, another countertenor, from the north gallery, generated plenty of tension.

The solo singing on Saturday had the intelligence, perception and keenness that distinguished the choral singing

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Printers' art exhibition

The 1975 exhibition of work encompassing painting, sculpture, arts and crafts, by people employed in the printing trade and their families was opened yesterday by Mr. Hugh Jenkins, MP, Minister for the Arts.

Not the least remarkable feature of what should now be called the Sadler's Wells-ENO Janacek tradition, is the company's ability to maintain a succession of worthy Janacek interpreters. Since the death of Marie Collier, two singers, Josephine Barstow and Lorna Haywood have tackled with brave

strands dominant in the character of Emilie. Emilie, cold, glamorous personal magnetism, and her growing world-wide demand of the singing actress, a far more complex range of skills than katas and Jenufa, parts Miss Haywood has played with wonderful sympathy.

On Thursday, as the cruel, beautiful siren she was as yet somewhat unconvincing. This was more a matter of manner than of looks—flamboyant fascination does not come naturally, it seems, and its illusion has so far been insufficiently kindled by the producer. But to the desperation, the brittle, hopeless exhaustion of the part she was already finely responsive. The diamond-bright timbre of the voice, its lack of roundness and warmth, underscore the pathos of the performance. One phrase—“If only you knew” formed in tones of blanching clarity—is already memorable, and there is promise of many more to come.

Miss Haywood's words were for the most part audible, as were those of Kenneth Wollam's handsomely born Albert—but not often those of Ramon Remedios' Janek. Hannah Francis Kristina, or Edward Byles' Sendorf. These were all fresh assumptions from the original 1964 cast, only Eric Shilling (Kolenat) and Raimund Herines (Janek) Prus remain—the latter a portrayal of now infinite suggestion, subtlety, darkly voiced, insistently uttered. Space is lacking to do justice to the singing vitality of the play, under Charles Mackerras. This is Janacek's knotless opera, at the Coliseum. Its impact is immediate, urgent and splendidly forceful.

MAX LOPPERT

Festival Hall

War Requiem

by GILLIAN WIDDICOMBE

In the fickle see-saw of popular and critical opinion, Britten's War Requiem has recently been experiencing a down, regarded as a coy, even superficial, pacifist's concession rather than the work of an intellectual faith and mettle. The sheer power of its initial success (including phenomenal record sales) was obviously the cause of the subsequent rejection, and it seemed, from those works which Britten subsequently concentrated on, that he too had rejected its dark romanticism. For example, the church parables led, one by one, to Death in Venice with its ironic, simplistic scoring.

Hearing the War Requiem again, in its 13th year, as the Bach Choir's autumnal outing to the Festival Hall, was a strong reminder of the lyrical power of the music. The soprano soloist, the voice clear and angular, set the church parables led, one by one, to Death in Venice with its ironic, simplistic scoring.

Choir's unfashionably large portions. The choral writing was sung fluently, clearly, with its dances delight, move, cajole or chill; after a Saturday spent watching his company at two performances, even Manchester's orchestral support is very wily, and the two contrasting orchestras (the New Philharmonia covered both of them on Friday) guided pitch and rhythm directly. Felicity Palmer was well chosen as the soprano soloist: the voice clear and angular, setting the church parables led, one by one, to Death in Venice with its ironic, simplistic scoring.

Like Guinness, Paul Taylor is good for you. His dances and other gently, courteously, ground, and there is a moment of serenity to a Prélude posthumously.

Like Guinness, Paul Taylor is good for you. His dances and other gently, courteously, ground, and there is a moment of serenity to a Prélude posthumously.

The finale is for the whole and a Gnossienne that is luminously beautiful.

The remaining five pieces in the repertoire are well known to us. *Aurore* and *Duet and Three Epitaphs* need no further commendations: they are classics of our time. *Guests* of May featured in the company's last visit to Britain, and renewed acquaintance confirms it as a thrilling visualisation of Debussy's music.

The outer movements—in *Rondes de Printemps* and *Fêtes*—show the dancers preparing for May's festivities, then caught up in them: the middle movement—the *Sarabande* from *Pour le Piano*—was Taylor's own mischievous solo, an evocation of an antique world in which he seemed both Faun and the Faun.

Elie Chab, here as in *Aurore*, is a very acceptable replacement for Taylor, fluent and bold in movement, though Taylor's own combination of power and lightness must inevitably escape him.

The return of *Churchyard* was also most welcome. This is Taylor's view of the medieval

Death of Death, starting quietly and gradually enough, and then developing into a frenzied and horrific bout as the dancers' bodies become swollen and gnarled with acrobatics, and their grunting and shaking more frantic and repellent.

Their final exit into a red glow from the wings suggests nothing so much as a descent into hell.

It is superbly done by its cast, as, indeed, is every work. The company has, I suspect, never looked stronger on its previous visits; to all the dancers, and in

of complaisance touches the Paul Taylor, heart-felt gratitude.

Elizabeth Hall

Jephtha

Handel's Jephtha, his last important work, is a fitting conclusion to the great series of oratorios. In the second part of Act 2 and the first of Act 3, it rises to a superb sequence of duet, solo, recitatives, and choruses exploring with a probing certainty of touch that binds the music in a unity obliterating the convention of closed numbers. So strong is this unity that one barely notices how even the great chorus “How dark O Lord, are thy decrees!” which is the heart of the work, consists of four distinct sections. The thoroughly prepared performance on Saturday by the Monte Carlo Choir and Orchestra conducted by John Elliot Gardiner, with a different Jephtha, it was heard last month by radio listeners in a broadcast from the Maltings) made the quality of this scene vividly apparent.

Clarity, balance, live rhythms and the concentrated enthusiasm one expects from these performers, were all present. Only once in the first bars of “How dark O Lord” did the quiet choral tone go momentarily thin and

strangely. Otherwise, the weight was exceptionally well adjusted to the hall. One difficulty of

small-scale Handel, perhaps in

sufficiently appreciated by scholarly conductors, is the extra attention brought to bear in the absence of big choral forces on the soloists.

No doubt to-day's singers are in many respects more stylish Handelians than their predecessors (this performance was liberally and for the most part tastefully graced and decorated) but stylishness does not guarantee good tone or even emission.

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OVERSEAS NEWS

Karami talks may decide course of Lebanon crisis

IHSAN HIZAJI

LEBANESE crisis may be because fundamentally, Mr. Premier specifically wanted a definition of the powers of the President and the Premier. This springs from the Moslem complaint that most of the powers are centred in the hands of the Head of State while the authority of the Prime Minister is limited.

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The "National Covenant" decision was taken at a meeting of the cabinet during Lebanon's unwritten constitution, distributing parliamentary seats of seats in the executive and legislative branches of Government.

Mr. Karami has called for guarantees for commercial and industrial risks by the Government to encourage investment. He suggested the establishment of a dry dock, the building of a third oil refinery, and the initiation of petrochemical industries for social development. Mr. Karami also proposed the creation of a special bank to finance public housing projects.

The Cabinet yesterday also decided to set up a special "striking force" of 300 policemen and soldiers to deal with the continuing incidents of kidnapping and sniping. These incidents have continued to undermine efforts for restoring law and order.

However, Mr. Karami declared that he proposed a clearer definition of certain articles of the constitution, without these articles having to be amended or the discussions to be cancelled.

Informed sources said the

New Greek defence budget up by 30%

By Our Own Correspondent

ATHENS, Nov. 16.

GREECE will spend drachmas 41,181m. (£588m.) on defence in 1976 (a 30 per cent. increase over this year) to prepare itself against a possible military confrontation with Turkey.

In a statement after a meeting of key ministers on Saturday, Premier Constantine Karamanlis said the Government was allocating 25 per cent. of the state budget towards defence. Obviously referring to strained relations with neighbouring Turkey over Cyprus and disputes in the Aegean, Premier Karamanlis said his Government was fully aware how irrational an arms race for aggressive purposes was. He said the Government was not being dragged into expenditure beyond the limits dictated by the country's defence needs. But the price of maintaining peace within the framework of national dignity is high," he said.

Mr. Karamanlis said total expenditure in the 1976 State budget will amount to drachmas 171,550m. (£245bn.) including a public investments programme of drachmas 41bn. (£588.7m.) which will be covered almost entirely through borrowing.

Nordic bank wins approval

By John Walker

STOCKHOLM, Nov. 16.

THE PROPOSAL to set up a Nordic Investment bank was given a large majority at the ministers' meeting this weekend of the Nordic Council. The voting was 59 for the proposal, 10 against and five abstentions.

Criticisms of setting up the bank came mainly from the Communists in Finland and Sweden, while the Conservatives in Norway were also against the proposal. This outcome was dubbed "an unholy alliance."

The aims of the bank which will come into operation in 1977 will be to stimulate Nordic investment projects and act as a supplement to the national credit institution. Borrowing should be co-ordinated with the borrowing of the individual countries on the international market. It is proposed that the bank will grant loans and make guarantees for Nordic exports and similar interests.

The proposed basic capital will amount to 400m. special drawing rights (SDRs).

Thirty more arrests of Franco opponents

By ROGER MATTHEWS

ANOTHER 30 political opponents of the Franco regime have been arrested in Spain this weekend, assembly, was taken from his wife's bedside in a Madrid hospital where she is recovering from an operation. Senior Sanchez Montero is a former member of the Central Committee of the Spanish Communist Party and was given his freedom following appeals based on his age and ill health from leading figures across the political spectrum, including some strongly opposed to Communism.

Although General Franco is now only being kept alive artificially and there is no chance of a recovery, Prince Juan Carlos is hesitating to use his extensive powers as acting Head of State to demonstrate that he intends to introduce a more liberal form of political life.

Police also revealed yesterday that they had arrested 20 members of the Spanish Workers Party in Jaen and had broken up their propaganda wing in the region. The Spanish Workers Party, formerly the International Communists, have suffered a series of such blows in the past four weeks.

Five important Opposition members were arrested in their homes during a pre-dawn swoop yesterday and a sixth, Simon Sanchez Montero, who only last

year was released from jail after serving 14 years for illegal assembly, was taken from his wife's bedside in a Madrid hospital where she is recovering from an operation. Senior Sanchez Montero is a former member of the Central Committee of the Spanish Communist Party and was given his freedom following appeals based on his age and ill health from leading figures across the political spectrum, including some strongly opposed to Communism.

The struggle is also warming up over the appointment of a new president of the Cortes (Parliament) a key constitutional post as it also involves being chairman of the Council of the Realm and Council of the Regency. Juan Carlos urgently needs to appoint a man in tune with his own political thinking, but this may be difficult to achieve as ultra-conservative elements largely dominate the selection process. However, even some of the Prince's friends are saying that the moment is fast approaching when he must take some decisive political actions in order to demonstrate his authority.

Prince Juan Carlos, meanwhile, faces a difficult week politically, especially if General Franco still clings to life. On Thursday he is due to preside at the annual ceremony marking the death of the founder of the Falangist Party, which brings together the most extremist poli-

MADRID, Nov. 16.

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Attacks on priests in the Barcelon region during which two were badly beaten up and two others had their houses slightly damaged by petrol bombs, have spread to Madrid. Authoritative Church sources reported here today that dozens of priests had received threatening telephone calls in the past three days, and one had been slightly hurt when a group of young men had hacked him in the street. Right-wing extremists are particularly upset by the sympathy some priests seem to show for Opposition groups.

Prince Juan Carlos, meanwhile, faces a difficult week politically, especially if General Franco still clings to life. On

Thursday he is due to preside at the annual ceremony marking

the death of the founder of the Falangist Party, which brings together the most extremist poli-

Morocco 'to back' Spain over Gibraltar

By ROGER MATTHEWS

FURTHER details of the agreement whereby Spain will effectively hand over the Spanish Sahara to Morocco are expected to be hammered out in Madrid this week. The Moroccan Foreign Minister is due here tomorrow when he will also be informed of the results of Saturday's talks between Spain and Algeria.

Algerian sources claim that Morocco has also promised to help Spain in putting fresh economic pressure on Gibraltar. Roughly 3,000 Moroccans work in Gibraltar on a casual basis and the country supplies the rock with much of its fresh vegetables and fruit. It is understood that British officials have for some time anticipated such action and further pressure will be exerted against the two enclaves of Ceuta and Melilla.

The Algerians are bitterly opposed to the tripartite deal between Spain, Morocco and Mauritania and are considering economic sanctions against the Madrid regime. This could lead to a cutting off of natural gas supplies and a ban on Spanish participation in oil searches in

Spanish waters. Yet it is doubtful if Prince Juan Carlos, in his search for friends in Europe, will want to begin his rule by renewing tension over Gibraltar.

Reports from El Aaiun, the

capital of the Spanish Sahara, say that the Frente Polisario, which is backed by Algeria, already has evidence of growing infiltration by Moroccan irregular forces. The fear in El Aaiun is that during the next few days thousands of Moroccans will come across the border and begin to occupy parts of the colony. This might pave the way for an eventual rubber-stamp referendum on the territory's future in which the indigenous population would be almost outnumbered by the new arrivals.

Spanish officials have not so far spoken of a referendum, two weeks ago an essential part of its policy, referring merely to a test of local opinion through consultation.

Plans for the evacuation of the Spanish army are going ahead at full speed and could easily be completed before the end of the year. A token force will, how-

Reuter

ever, remain for eight weeks after that to lend weight to the three-power provisional administration which was agreed in Madrid last week.

But as Mauritania is numerically so small the eventual administration of the colony could quickly be taken over by the Moroccans.

• Algeria to-day condemned the agreement between Spain, Morocco and Mauritania as an attempt to "pillage the natural resources of the Western Sahara" by Madrid and "its accomplices."

The condemnation, in a commentary by the official news agency, APS, followed the decidedly cool reception given yesterday to Spanish Planning and Development Minister Joaquin Gutierrez Cerdà when he came to explain the agreement to the Algerians.

UPI

J.P. SPEAKS OUT

NEW DELHI, Nov. 16.

ONE of India's leading opposition leaders arrived in New Delhi to-day unchanged in the political views that led to his arrest and four-and-a-half months of detention.

Jay Prakash Narayan, who leads the country's most serious challenge to Prime Minister Indira Gandhi's leadership, said the national state of emergency she imposed on June 26 was "totally unnecessary" and bemoaned the "castrated" press that has emerged from the strict censorship since the June decree.

The 78-year-old was released from custody on 20 days parole on Wednesday in Chandigarh. He arrived here to-day and talked briefly to newsmen in a hospital ward.

UPI

Kissinger contempt citation protest

By DAVID BELL

THE STATE Department held a rare week-end briefing yesterday to protest vigorously at the decision by a Congressional committee to cite Dr. Kissinger for contempt on Friday.

The aims of the bank which will be to stimulate Nordic investment projects and act as a supplement to the national credit institution. Borrowing should be co-ordinated with the borrowing of the individual countries on the international market. It is proposed that the bank will grant loans and make guarantees for Nordic exports and similar interests.

The proposed basic capital will amount to 400m. special drawing rights (SDRs).

Mr. Hyland said that subpoenas concerning the first two issues concerned the President's National Security adviser, not Dr. Kissinger since he lost that post in President Ford's government shuffle earlier this month. Dr.

Kissinger had been unable to comply with the third because the President had invoked the doctrine of executive privilege.

In any case, Mr. Hyland added, much of the information demanded related to previous Administrations and previous Secretaries of State. "A completely erroneous impression has therefore been created that the Secretary of State has refused to comply with three subpoenas. This is not correct."

The contempt citation is likely to be considered by the House Rules Committee before being voted on by the whole House.

UPI

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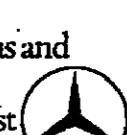
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Building and Civil Engineering

Suez Canal enlargement project Portchester renovation

A TEAM of British engineers, relating these to the future such as Cambridge and Liverpool Universities, Imperial College, University of Wales Institute of Science and Technology, and Costain-Blankvoort, are to carry out a feasibility study of the Canal and the charges levied on vessels.

Government backing for the study is via the Ministry of Overseas Development which has agreed to make available technical assistance grants to meet a substantial proportion of the cost of the experimental work.

The study will determine the optimum width and depth to which the Canal should be enlarged. It will investigate the engineering cost likely to be involved, as well as operational and navigational problems.

Winding in progress at Hartlepool

WIRE WINDING has begun at Hartlepool nuclear power station under full 24.1 kN tension, marking the first use of hoop restringing on a commercial high-pressure concrete vessel. Both the system and the wire winding machine have been designed and developed by Taylor Woodrow as part of a detailed programme.

The Taylor Woodrow wire winding system is based on the use of concentrated bands of high-tensile steel wire wound

under tension into channels performed in the pressure vessel wall. The wires are arranged in layers and anchored at each end to page, which slide into sockets in the walls of the channel, giving even closer control of the total force in the band. The machine can lay bands of wire up to 40 inches wide, being located quickly at any required level. A wire tensioning device, power unit, control panel and wire store are carried around the vessel on vehicles mounted on the winding platform. Two machines can be used simultaneously, independent of each other, and can be easily moved to a new position by means of wheels and pulleys fitted to the columns.

The current machine can lay wire strand, of steel tape having a guaranteed ultimate tensile strength (GUTS) of 10,000 pounds. The tension in any wire

is limited to 75 per cent of the total. The wires are arranged by an electronic/hydraulic system within a 2 per cent of the speed of force in any wire or strand. The work at Portchester Castle is being carried out under the direction of the Department of Environment and the Southwick Estate, to which the Castle belongs. The machine can lay bands of wire up to 40 inches wide, being located quickly at any required level. A wire tensioning device, power unit, control panel and wire store are carried around the vessel on vehicles mounted on the winding platform. Two machines can be used simultaneously, independent of each other, and can be easily moved to a new position by means of wheels and pulleys fitted to the columns.

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Heat costs cut by half

SPECIAL DEVICES and technical innovations designed to dash losses of thermal energy in houses are incorporated in an experimental house recently built near Malmo, South Sweden. By the building materials and equipment group, Euro AB, it is calculated that a saving in heat input of 50 per cent or more can be attained.

The Euro house has a new ventilation system which is said to cut heat losses during the winter by one-third. This is done with the aid of a heat exchanger, a sound-absorbing board for

collecting system made up of 52 outgoing air to incoming air. Another patented system together form a ramp, faces south at 70 degrees which faces south. Total surface area is 52 square metres.

Water passes through the collectors and when heated to a predetermined temperature by the sun it is pumped into coils in the floor. Most thermal energy thus obtained is used for basic heating, and the surplus is stored in a special tank for use later. Cheap night-time electricity is meanwhile "stored" in an electric heating tank.

Named the Termoroc house, it has a floor area of 150 square metres and is triple-glazed. It routine airing of a house to be increased by 5-6 times.

An important component in the new house is a solar energy which transfers the heat from

ceiling to the municipal outflow system. The waste water is then released into the municipal outflow system.

Another patented system is used to heat up new hot water. The waste water is then released into the municipal outflow system.

Water passes through the collectors and when heated to a predetermined temperature by the sun it is pumped into coils in the floor. Most thermal energy thus obtained is used for basic heating, and the surplus is stored in a special tank for use later. Cheap night-time electricity is meanwhile "stored" in an electric heating tank.

CONSTRUCTION MATERIALS PLANT AND EQUIPMENT

Mahak Costain Joint Venture intends to solicit quotations from qualified Iranian and International prime manufacturing organizations for materials, services and equipment required in the construction of a large township in Southern Iran, involving housing, shops, schools, offices, warehouses, community and other buildings and all related support facilities.

Major categories of interest are:-

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We solicit your interest in the above items and any other materials, services, equipment and plant related to this type of project.

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- C. Guarantees of Availability and Delivery
- D. Financial Resources Statement
- E. Catalogues (2 sets) with Price Lists including F.O.B., C.I.F. and C and F information if available
- F. Evidence of Production Capacity
- G. Designated Agents in Iran

The above should be sent to:-

MAHAK COSTAIN JOINT VENTURE
P.O. Box No. 232 London SE1 7UE, England

and separately to
No. 91118
Tehran Iran

Contoured cladding

IN A move to strengthen its hold on the market for metal claddings, Ash and Lacy Steel Products has decided to introduce another product in this field which, it says, will be especially suitable for both roofing and cladding of frame buildings.

The company describes it as sculptured cladding and says it offers a means of improving roofing and cladding techniques and offers advantages in the treatment of junctions. Box-like structures can be transformed into buildings of much greater elegance, it is claimed.

The coating is supplied in the form of resin hardener and calcined bauxite aggregate. The resin and hardener are mixed, spread evenly over the surface, and finally sprinkled with the aggregate.

Details from Mowlem, Westgate House, Ealing Road, Brentford, Middlesex. (01-568 9111).

subsequently pressed into a variety of curves or arcs in different planes.

Frame buildings can be clad in many ways—canopies can be incorporated and gutters located anywhere from eaves to ground level to mention just a few of the options. No additional skills in fixing are called for.

It is understood that the material, which has been called Flexclad, is already being considered for several major building projects and the company has set itself a sales target of 370,000 square metres for the next 12 months. In terms of involved sales this would represent over £1m.

The company (Shaw Street, Hill Top, West Bromwich) say it intends to exploit the market outside cladding for frame buildings, but it intends to control widening of application for the material so that it is not misused.

At the same time it will build up a bank of information which can be used in the development of new ideas.

which incorporates suspended ceilings.

Hot water supplied by conventional boilers is piped to primary fan coil units which heat air in the ceiling void. This heats the ceiling tiles while secondary fans discharge warm air through grilles into the space.

High-density baling plant will be capable of reducing waste by 8:1. Waste material treated at the plant will become completely inert and static needing no baling or lacing. The bales will eventually be used for filling and levelling a 134 acre former colliery and brickworks site into a parkland setting for housing at Middleton Bromley Valley.

Based on an American design the plant is scheduled to be completed and operational by November 1976.

Materials testing

J. HAGGIE Patterson and Associates, consulting engineers, has opened two laboratories in the Midlands and the North-East for the inspection and testing of construction materials.

Central facilities are at 10, Willersey Road, Moseley, Birmingham, B13 0AT (021-778 1271), following the recent move of the head office to that address from Brook Lane, Birmingham.

A regional laboratory is at Philadelphia Lane, Houghton-le-Spring, Tyne and Wear, DH4 4ES (Sunderland 842734).

Roll out the pavement

BARRY STAINES has developed a paving material which can be rolled out and laid in minutes by unskilled operators to provide a non-slip surface which can be opened to traffic immediately.

The company manufactures its Pavek material under controlled conditions at Newborough Fifte, from the same materials used to form conventional surface dressings—bituminous stabilizers combined with mineral aggregates.

One difference, however, is the incorporation of an integral jute or synthetic fibre reinforcement material which is impregnated during the manufacturing process with bituminous binder.

This not only imparts strength but also enables the material to be made ready to move warm air to the space below to provide convective heating.

The system is particularly applicable to system buildings such as Clasp, Scola, Method and Seac or any building method

which incorporates suspended ceilings.

Hot water supplied by conventional boilers is piped to primary fan coil units which heat air in the ceiling void. This heats the ceiling tiles while secondary fans discharge warm air through grilles into the space.

AN ENVIRONMENTAL ceiling heating system combining the advantages of radiation and convection to provide effective control of space temperature has been developed by Andrews Weatherfool, part of the Powell Duffryn Group.

It uses ceiling voids to house fan coil units heated by hot water. The units circulate warm air in the ceiling void to heat the ceiling tiles—which give low temperature radiation—and fans to move warm air to the space below to provide convective heating.

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MONDAY, NOVEMBER 17, 1975

A political week-end

THE ECONOMIC summit meeting which ends in Rambouillet to-day has been essentially a political occasion. It was designed, as Dr. Henry Kissinger, the U.S. Secretary of State, said, "to bring about a degree of co-operation among the industrial democracies that gives their people a sense that they are masters of their destiny and not subject to blind economic or other forces." That itself is a somewhat alarming statement for it puts a heavy premium on success.

Principles
The potential danger from the summit is not as some Ministers supposed, that public expectations have been raised too high. The general public has no expectations and the well-informed public has only apprehensions. It is rather that the participants themselves might over-rate their ability to act, that they might stray into rhetoric when reporting on the results, and that they might persuade themselves of progress where none has been made.

In part at least this temptation seems so far to have been avoided. President Ford may have exaggerated a little in outlining the extent of the U.S. economic recovery — the very sharp rise in third-quarter GNP has not in fact been followed by similarly optimistic indicators — and Mr. Harold Wilson undoubtedly exaggerated the prospects for long-term economic recovery in Britain. But in so far as the summit sticks to restating general principles no great harm has been done.

These principles include closer co-operation on policies for economic recovery, the avoidance of protectionism, a more stable international monetary system, an ending of the ability of OPEC to set oil prices unilaterally, and help for developing countries in balance of payments difficulties. As principles they are unexceptionable, but the trouble is that it is on the details of their implementation that Governments disagree. On the monetary question, for example, where the French at least until recently were arguing for a return to fixed exchange rates and the Americans for continued floating, it requires no great effort of the imagination to see that the compromise must lie in combining the maximum possible discipline with the maximum possible flexibility. There is no great achievement in the Heads of Government discovering this for themselves and they are not themselves going to set the new system.

U.S. elections

The communiqué which is to be published to-day will no doubt seek to disguise the differences, but the normal process of politics suggests that they will quickly re-emerge. Above all, there is one point which cannot conceivably have been honestly discussed at the summit, but which is of fundamental importance. This is that for the next year at least the U.S. is condemned to a weak and perhaps unstable Administration as the election campaign becomes dominant under a Presidency where the incumbent is uncertain even of gaining his own party's nomination. It is in the Europeans' interests to take this situation into account. There has been little sign of this at Rambouillet, where the Community as such was not even represented.

Building societies under pressure

SO FAR this year the building months for example, societies have managed to accomplish the tricky feat of providing a sufficient flow of funds for house purchase so as to meet the demand from home buyers, maintain a reasonable level of sales activity in the private sector, and sustain confidence among builders without at the same time setting off another sharp upsurge in house prices. The total of new loans advanced during the first ten months of this year was over £10,000,000, about 56 per cent. more than in the same period of last year and well up to the boom levels of 1971 and 1972. Yet house prices have been rising by just more than 1 per cent. a month which by contemporary standards is relatively modest.

Symptom
Yet the task of maintaining an acceptable middle course looks like becoming more difficult. The most obvious symptom of strain so far can be seen in the steady increase in the societies' liquidity ratios — which are now averaging a historically high 20 per cent. Until recently the societies have not been particularly averse to letting their reserves build up. Indeed an increase was implicit in the joint decision by the movement and the Department of the Environment to peg the rate of new lending to about £50m. a month. But the problem in using the societies' reserve investments as a form of stabilisation fund comes at the bottom of the cycle, not at the top. All too often the movement has found that, when it wishes to draw upon its reserves to top up a declining inflow of funds from investors, it can do only by liquidating investments at a loss.

For the time being, the building societies are responding to this situation by modestly stepping up their lending. New loan commitments in September and October averaged about £50m. a month, a rate which the movement is expecting to maintain for at least the next few months. This increase goes only part of the way to absorbing the present inflow of funds. In the last two next years.

Risk

Yet the risk of triggering off a sharper increase in house prices undoubtedly exists. The stock of unsold newly built houses is steadily diminishing. The increase in the rate of new building is still fairly modest and certainly nowhere near the level of 1971, of 1972, or even of 1973. And because existing house owners are reluctant to trade up at a time of uncertainly about incomes, inflation and tax relief on mortgage interest, the supply of second-hand houses available in the lower price ranges — where the revival in the housing market is taking place — is appreciably below normal. It is therefore becoming more and more possible that assuming funds continue to flow in, house price increases generally do not increase, the building societies may have to consider the question of reducing their own rates in the early part of the year.

Colin Jones examines Government-industry relations now that the new Industry Act has been passed

Where planning agreements might really help

THE Government's new weeks' time, the Government approach to industrial could face pressure from the policy, formally launched at Chequers last week, may be would doubtless prefer to avoid it does not mark a complete break. The two principal institutional innovations proposed during the first phase were planning agreements and the National Enterprise Board. The Government not only intends to carry them over into Phase II but sees them playing a key role as "powerful new instruments" for tackling industrial problems at the level of the individual company.

For the chances of either making a useful contribution have been quelled by the needlessly abrasive manner with which they were floated during Phase I remains to be seen however. Now that the Industry Act, which provides the legislative backing for both concepts, has reached the statute book, it is up to Lord Ryder and his team to see what they can make of the powers and resources of the National Enterprise Board. But the success — and indeed the operation — of a planning agreement system depends entirely on the willingness of industry to co-operate and, because of what has gone before, the auguries for that co-operation are looking distinctly ominous.

It would be overstating the situation to say that industry has gone on a planning agreement "strike." Exploratory talks have taken place with several companies, and it is clear from various indications that there are at least some who would be prepared to work out how they might usefully fit in with the Government's ideas. But the reaction which Mr. Anthony Wedgwood Benn, when he was Industry Secretary, set off last year and earlier this year among most of the large companies which the Government sees as possible candidates for a planning agreement has been such that the Confederation of British Industry was obliged only a month ago to reaffirm industry's total opposition to the whole concept.

Political problem

This impasse immediately poses a tricky political problem for Mr. Eric Varley, Mr. Wedgwood Benn's successor, who has the unenviable task of ensuring that the planning agreement system is successfully launched. No doubt, given time and a few appropriate reassurances, it would be possible to soften industry's resistance at least to the extent of securing a respectable first tranche of agreements.

Alas Mr. Varley, politically, probably has neither the time nor the manoeuvring room, certainly not for more public reassurances. Unless he can show some results in a few



The man in the middle in ensuring that planning agreements are successfully launched is Mr. Eric Varley, Secretary for Industry. On one side is the man in Mr. Anthony Wedgwood Benn (left), his predecessor, introduced the concept; on the other is the continuing hostility of the Confederation of British Industry, whose director-general, Mr. Campbell Adamson (right), only a month ago outlined further steps in the CBI's campaign against the idea.

Varley-Healey paper went some of the industrial consequences where the two sides enjoy a real way towards cutting down on of decisions made not only on sense of partnership.

the multiplicity of conflicting industrial matters but also in the Government sees as

the Government sees as candidates for planning agreements.

There could, of course, be no question of replicating French or Japanese conditions here, but

at least it ought to be possible to develop a sense of partnership and, eventually, of trust.

Planning agreements are not the only, or even the most

direct, way of achieving a Government-industry partnership.

But even two objectives are probably one too many, and if agreements with individual

multinational in scope — would be made publicly accountable, become a working reality, the ancillary. But, given that Mr.

Secondly, planning agreements would make industry answerable for its use of regional incentives and other financial assistance provided by the Government and, as part of the

process, individual companies would be expected to conform with particular "national needs" such as import

saving, higher exports, or better regional distribution of investment and employment.

Only two of these various and

incompatible objectives were to serve primary purpose of efficiency and the

poses. First, they were to be a securing of a more consistent and better co-ordinated Government in industry, which was becoming highly concerned

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FINANCIAL TIMES SURVEY

Monday November 17 1975

VENEZUELA

From New Year's Day Venezuela will assume control over its oilfields, which have up to now been controlled by foreign companies. The question now facing President Perez and his Government is how best to channel the oil revenues to the benefit of the community at large.

Need to spread the oil riches

Hugh O'Shaughnessy

Latin America Correspondent

NY COUNTRY with enormous

oilfields, a pluralistic govern-

ment, an agreeable tropical

climate and the world's most

beautiful women can count

self-lucky. Venezuela is lucky

and its lot is the envy of many.

Things in life never being as

straightforward as they seem,

however, it is legitimate to

examine in some detail the

source of Venezuelan riches and

in its political system, though-

naturally meteorology and the

physical characteristics of the

population must remain outside

the scope of this survey.

Venezuelan oilfields, deve-

loped principally by foreign oil

companies under the concession

system since the time of World

War I, have a capacity of pro-

ducing about 31m. barrels of

crude a day, though current out-

put is only about two-thirds of

that. This natural wealth, ex-

ploited and brought to the

market by foreigners, has given

the country, without much effort

on its own part, an enormous

which he had previously been

"nationalization chucuta,"

the have its performance subjected

holders of foreign companies

as to such searching observation

and will be able to rationalise

the control of the trust fund from

the other hand, feel that the

Petroleos de Venezuela will

soon reduce the whole operation

to a lamentable state.

Just like some rich heir taking

control of a trust fund from

the other hand, feel that the

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Pessimists on the Left, on the

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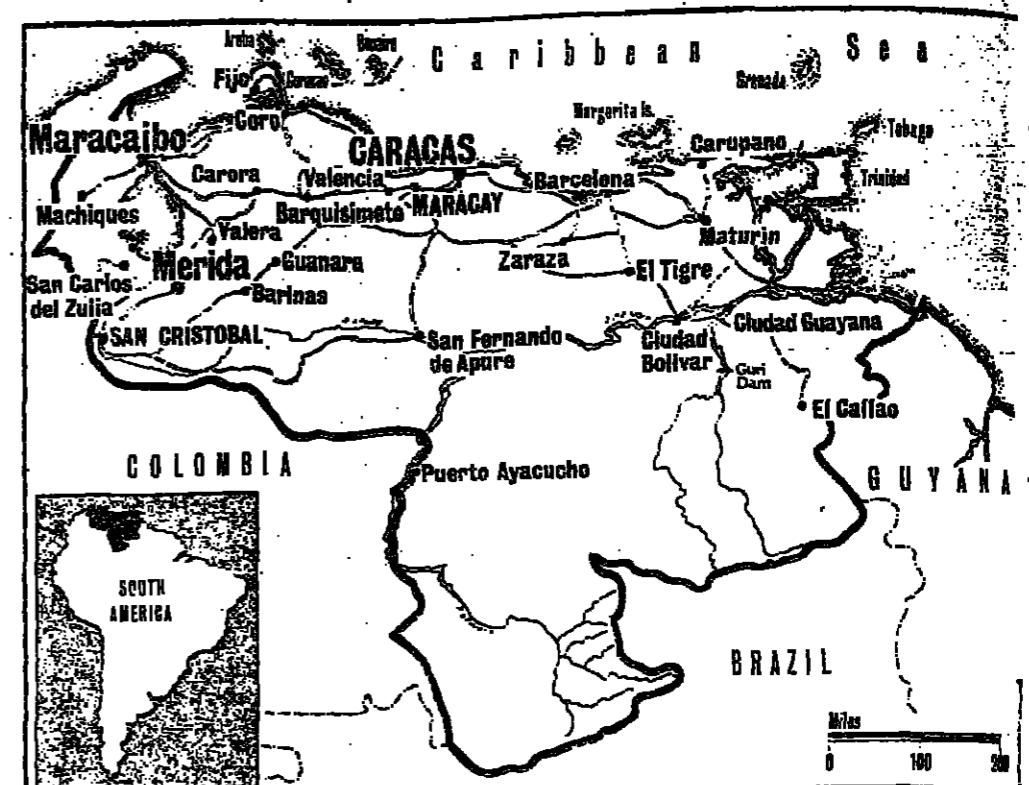
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VENEZUELA II

Venezuela is both earning and spending money at a phenomenal rate, and the Government has been criticised for not imposing stricter discipline on State expenditure. Reduction of the excessive dependence on oil revenues is now a major priority.

The economy



IN A RECENT address to the Anglo-Venezuelan Chamber of Commerce in Caracas Dr. Constantino Quero Morales, head of the Fondo de Inversiones de Venezuela (VIF), the State corporation set up to absorb much of the excess oil revenue which the Government cannot immediately spend, talked about Venezuelan plans for setting up a banking operation in the City of London. Having decided that its initial capital would be \$50m. the VIF was, he said, now choosing whether to set up its own operation from scratch, whether to buy into some existing institution or whether to instigate a joint operation with British, European and other outside partners.

Though he said that the new institution would be a base from which to invest and to arrange industrial and technological deals, he added that it would be useful as well in the context of Venezuelan plans to borrow money. He estimated that Venezuela's needs would be for up to \$600m. over the next few years, a rather lower figure than has been reliably quoted on other occasions.

Venezuela, having received more income than ever in its history, is nevertheless in the market for more money. The country is spending at a phenomenal rate. Exports according to latest statistics from the Central Bank were 19.2bn. bolivars in the first five months of the year, against imports of 7.2bn. bolivars, but with the continuing cuts in Venezuelan oil production and a general easing of international oil prices the gap could well narrow sharply. Some observers even go as far as to predict the scarcely credible, that in a few years Venezuela could even have a trade deficit. The country's reserves, which at the beginning of the year stood at \$6.03bn., in September fell marginally to \$5.7bn. from the level of \$3.8bn. the month before.

Capital

Next year, according to the Finance Ministry's budget plans, capital spending by the State will be 14bn. bolivars, 945m. less than this year. Moreover, it is likely that the VIF will not receive any extra funds from the central government in 1976. Government spending on the current account, which last year came to 16.5bn. bolivars, double what it was in 1970, will take a further jump next year.

In the opinion of some

observers there is not enough countries, claim that the official discipline being imposed on figures underestimate the rate of inflation, which they claim is around 20 per cent.

Opinions differ on what effect this spending has had on the rate of inflation. According to the Central Bank the cost of living in the Caracas metropolitan area rose by 12.2 per cent during calendar 1974 and that in the 12 months to the end of September this year it went up by 11.6 per cent. The Bank blames much of this rise on the increased unit cost of imports, though it recognises that the Government's policies of stimulating employment and raising the purchasing power of the poorer sections of the community caused a jump in prices, particularly after the price freeze imposed during the first half of 1974.

Observers outside government, as is not unusual in other and refining will only be

achieved if the big capital projects, such as the building of the Caracas metro, the expansion of the steel industry, aluminium production, go forward as planned.

An appraisal of the outlay for the economy by the Inter-American Economic and Social Council is optimistic about the future for the much neglected and backward agricultural sector which, it says, can grow by 8 per cent this year and next.

The present free spending policies of the Government will only be justified finally if Venezuela is within the reasonable period of a decade or so able to achieve that diversification that will reduce its excessive dependence on oil and provide the jobs that its population so sorely needs.

H.O.

CONTINUED FROM PREVIOUS PAGE

shows every sign of vigorous life and development. Congress and the Governments of the individual States within Venezuela are dominated by two political parties of a reformist character which lack much firm ideology. Acción Democrática, the Government Party, which has won three of the last four general elections, is a cousin of the Western European Social Democratic Parties.

The principal opposition party, COPEI or the Social Christian Party, is sister to the Christian Democratic parties of European and Latin America. Its leader, Dr. Rafael Caldera, won the general election before last, after a split in Acción Democrática's ranks, and thus put an end to 10 years of Acción Democrática Government. By so doing he put the system to the test of allowing one party peacefully to take over power from another. This delicate operation for Venezuela was successfully completed for the first time when Dr. Caldera took office in 1969 and was repeated in 1974 when Acción Democrática, bouncing back with its candidate Sr. Carlos Andrés Pérez, took over from President Caldera.

Throughout the 1960s the parliamentary system had to face the challenge of widespread guerrilla activity by Marxist groups for a time assisted by the Castro Government in Cuba. But these never acquired any great popular support and with the withdrawal of Cuban support and the outbreak of numerous quarrels within the movement the guerrilla threat to the two main parties has virtually disappeared.

Gone too is the challenge from the Right-wing supporters of General Marcos Pérez Jiménez, the dictator who ruled Venezuela for much of the 1950s. Though it is not unusual to meet the taxi driver who sighs for a return to the quondam days of the dictatorship, the General's poli-

BASIC STATISTICS

Area	355,759 square miles
Population	11.6m.
GNP	108.4bn. bolivars
Trade with U.K. 1974	
Imports	£50.3m.
Exports	£135m.
Trade with U.K. 1975 to September	
Imports	£59.2m.
Exports	£123m.
Currency: Bolivar	£1 = 8.86 bolivars

**Sociedad Financiera
VALINVENCA S.A.**
financial expertise to assist you
in Venezuela

Our Shareholders

J. P. Morgan Overseas Capital Corporation,
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Inversiones Finalven, S.A., Banco Provincial de Venezuela, C.A.
The International Finance Corporation (World Bank)

Our Objectives

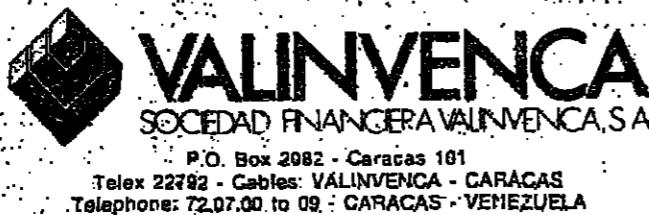
To serve Corporate and Institutional clients acting as an Investment Bank to underwrite securities within Venezuela.

To serve interested foreign investors as advisor in the establishment of joint ventures or the formation of new Companies.

Our Range of Services

Money-Market Trader
Underwriter of securities
Commercial finance

Promotion of joint ventures and formation of new Companies
Financial advisor to foreign investors.



If you want to open doors
in Venezuela...
Banco Mercantil y Agrícola
has the key.

Whatever business you might do in Venezuela, you will no doubt need a full range of banking services.

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Simply tell us what doors you need opened. We'll provide the key.



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Apartado 729.

VENEZUELA IV

Through its President and his Foreign Minister Venezuela is becoming an increasing Third World voice in international affairs. Political initiatives are being backed up with loans for projects in underdeveloped countries.

Foreign policy

IT IS not for nothing that the World Bank \$500m., to the first British Prime Minister Andean Development Corporation during his period of office is to go to Venezuela early next year. Central American Bank for Economic Integration went up with the big increase \$40m. The Central American

U.S. and other declared opponents of the organisation, and

Dr. Escobar has, for instance, been active in the execution of

President Perez's desire to give

and its clauses discriminating the maximum political support

against OPEC members will go to Panama in that country's

down as one of the classic efforts to win back effective con-

statements of Third World

policy to have been delivered

During 1974.

Within Latin America President Perez has been, with Presi-

dent Luis Echeverria of Mexico, facing Latin America.

one of the principal proponents

of SELA, the Latin American

economic system. SELA is

beginning to emerge as the

council chamber in which the

countries of the region will de-

cide their stances on world

economic issues, without the

often anomalous presence of the

U.S. as is usual in the so-called

"inter-American" bodies.

President Perez's opposition

to much of Washington's eco-

nomic policy does not blind him,

however, to the values of some

U.S. political ideals. Those who

dined with him in his official

residence last Sunday heard him

describing Abraham Lincoln,

for instance, as the greatest

human being after Jesus Christ

and chiding the U.S. for not

making more of the memory of

Lincoln during next year's bi-

centennial celebrations.

There is little doubt that Venezuela's outspokenness on

many Third World issues owes

much to President Perez's per-

sonal determination to make his

own personal contribution to the

world economic debate.

The running of the Foreign

Ministry and the continuity of

foreign policy is in the hands of

Dr. Ramon Escobar Salom, who

has left his mark on Venezuela's

since he took over the reins

after his predecessor Dr. Efraim

Schacht failed to get the neces-

sary support for the lifting of

the sanctions on Cuba at last

November's conference of the

UN Emergency Fund, for instance, went \$100m. to the

Venezuelan leader bearing extremely trem-

orous

This moderation within OPEC

has not stopped the Venezuelan

Government from making a

modest contribution to the

underdeveloped world, particularly in

the Middle Eastern states and

putting the efforts of the

countries of the industrialised

world to shame.

To the UN Emergency Fund, for instance, went \$100m. to the

IMF went \$540m. to the

leader bearing extremely trem-

orous

Within OPEC, in whose

foundation a Venezuelan, Juan

Pablo Perez Alfonzo, was an

influential figure, Venezuela has

acted the part of a loyal mem-

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VENEZUELA V

Over the past two years the Government has begun to apply stiff controls on foreign investment in line with the rules of the Andean Common Market. Now, despite assurances to the contrary, investors feel there is a broad attitude within the Government that they are not needed.

Foreign investment

FREQUENT ASSURANCES by country's sudden new wealth and the nationalist rhetoric Venezuela wants and needs that inevitably surrounded the internal commercial distribution of the oil and iron ore takeovers of the oil and iron ore industries. "Many officials of Venezuela-owned by May 1977, and potential investors that they course recognise that foreign investment is vital for bringing advanced technology and skilled manpower to the country," one investor said, "but not a few officials exude a sort of *nouveau riche* arrogance that hardly entices foreign investors."

Frustration

Much of the anger and frustration of new and existing investors is directed at the Superintendence of Foreign Investment (SIEIX), which was formed in July 1974 to monitor, register and approve foreign investment but which in practice has become an often-insurmountable bureaucratic obstacle to new investors. Until this month, the SIEIX was crowded into tiny offices where piles of investment applications and technology contracts would sit for weeks awaiting the attention of the hard-pressed inexperienced team of young lawyers. The SIEIX is now moving into modern new offices, although there is no assurance that it will become more agile. After its first year in operation, for example, out of a total of 114 new investment applications, just 17 had been processed—14 had been approved and three rejected. And more recent figures on its activity were unavailable. The reasonable presumption, however, is that the rate of new investment has fallen sharply in 1974 and 1975.

The new rules for investment being applied under Decision 24 can be summarised as follows: basic industries such as oil and iron ore, must remain in national hands; "sensitive" industries, including domestic transport, electricity, television and radio stations, advertising, on the impact of Decision 24. Chile's attempt last year to sus-

pend the rules unilaterally was successfully opposed by the other members (the argument being sustained that the absence of new foreign investment in the capital than the technology Chile was due more to political and access to markets offered reasons than to Decision 24). But there is still some feeling that, for example, the maximum rate of profit remittance could be raised from 14 per cent. President Pérez himself commented this month that Decision 24 was "inadequate" and could become "dangerous" to the Andean Pact if it were not extended to cover all Latin American countries. In other words, the absence of Decision 24 in many Latin American countries is itself an incentive to invest.

The feelings of many foreign investors on the "demands" from Venezuela and other countries for the transfer of technology contracts must be approved by SIEIX, which must ensure that the investment contributes to the general aims of decentralising industry, creating jobs and increasing non-commercial exports and that the technology is both modern and appropriate to the local economy. In broad terms, these rules also apply to foreign investment in the other Andean Pact nations—Colombia, Peru, Ecuador, Bolivia and Chile—although in practice Venezuela has been applying them more strictly than some other Pact members. Nevertheless, since Venezuela joined the Andean Pact four years after the other five countries, multinational companies operating anywhere in the area are already familiar with—and have probably adjusted to—the effects of Decision 24.

Yet the slowdown in new investment, and the reluctance of many foreign companies to accept the new rules on the transfer of technology have led some governments to speculate

that they feel is a broad attitude within the Government that Venezuela does not in fact need foreign investment. This attitude—if indeed it does exist—is seen to be the result of the Spanish-language publications, Chile's attempt last year to sus-

relaxation of some of the equipment, construction materials, specialised steels and Decision 24 restrictions. For example, specialised steels and metallurgy payments is particularly unpalatable to most electronic components, secondary vendors of technology.

Ironically, foreign investment is probably more important to Venezuela now than during the quiet days before OPEC came of age. Certainly the arguments in favour of imposing some controls on foreign investment at the time were hard to knock down. Yet now that the government is investing hugely to create an infrastructure of heavy industry and reliable energy supplies, the experience and imagination of foreign investors could serve to help create a large number of medium-sized industries which, in the long-run, will be the main capital sought by new foreign investors. On the other hand, the process of "Venezuelanisation" tends to increase the control of wealth since foreign investors usually have little choice but to seek their industrial and infrastructural partners from among the established economic groups, such as

the Mendoza, Cisneros and Tinoco family empires.

In many ways, of course, foreign investors are merely suffering the normal effects of what have been a dramatic two years in the history of Venezuela: the unexpected flood of petrodollars, the entry into the Andean Common Market and the arrival of a reformist Third World-oriented administration. From all points of view, then, more time is still needed for the dust to settle. But the basic pragmatism of the Venezuelan government was illustrated by its controversial decision to allow for the possibility of future foreign participation in the oil industry in the very law that nationalised the foreign oil companies. And as the government adjusts to the demands of its new industrial challenge, it is reasonable to expect it to work out a *modus vivendi* with foreign investors.

Alan Riding

Banking

CONTINUED FROM PREVIOUS PAGE

VENEZUELA'S TEN LARGEST COMMERCIAL BANKS		
	Total Deposits (Sept. 1975)	Loans
Banco de Venezuela	\$836.6m.	\$564.9m.
Banco Union	\$738.1m.	\$516.1m.
Banco Nacional de Descuento	\$643.4m.	\$584.5m.
Banco Mercantil y Agricola	\$541.1m.	\$485.6m.
Banco Industrial de Venezuela	\$410.9m.	\$506.9m.
Banco Latino	\$363.2m.	\$296.7m.
Banco de Maracaibo	\$286.9m.	\$262.4m.
Banco del Caribe	\$275.3m.	\$189.5m.
Banco Provincial de Venezuela	\$263.6m.	\$310.6m.
Banco Italo-Venezolano	\$244.8m.	\$167.3m.

Source: Asociación Bancaria de Venezuela.

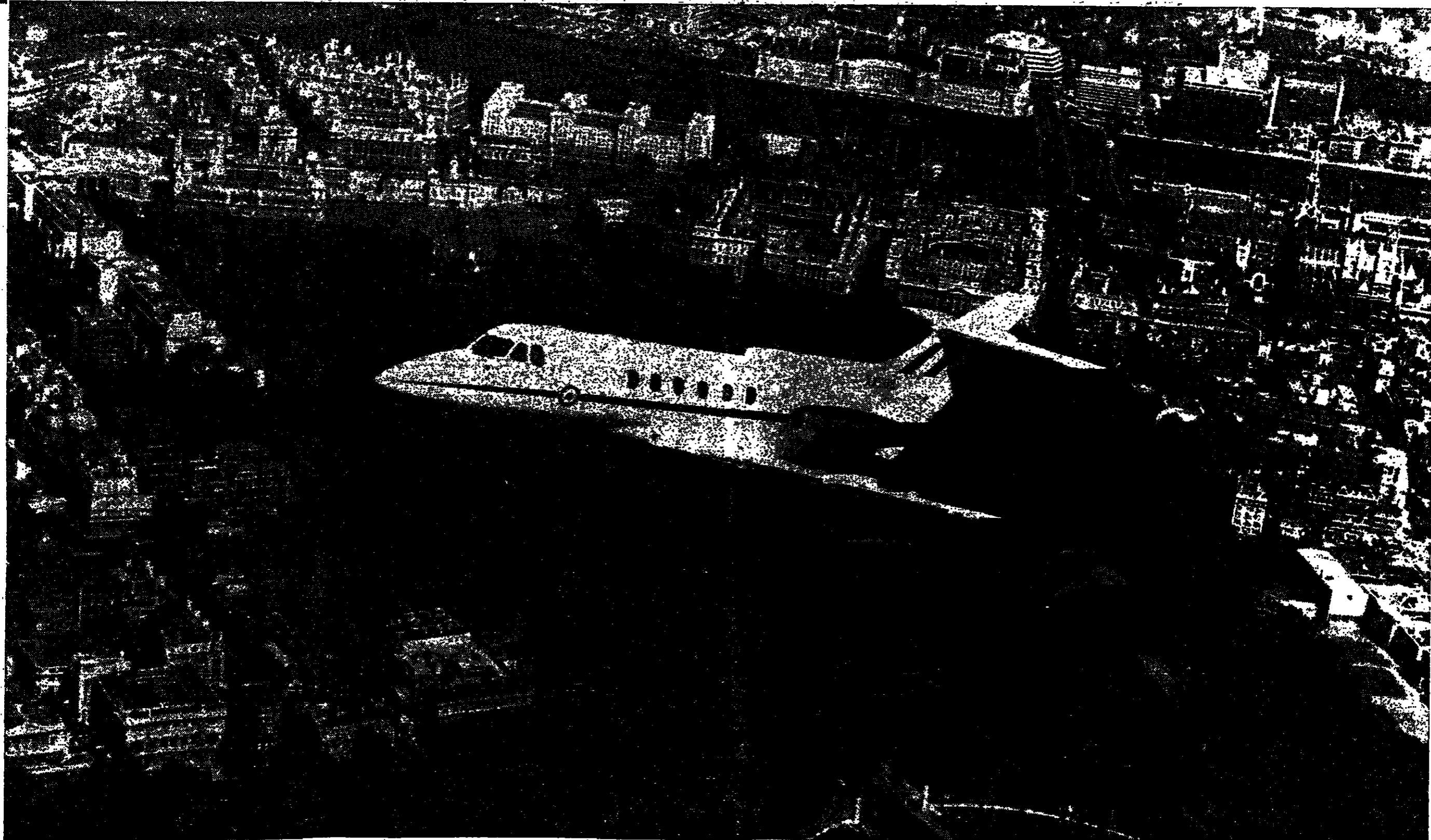
that \$46.5m. out of total loans of \$516.10m. were to the rural sector—equivalent to 9 per cent.

As Venezuela's industrial sector begins to grow in response to the massive investments in heavy industry—described elsewhere in this survey—the banking sector will also be forced to adjust to more development-oriented lending than at present.

The conservative nature of domestic banking is perhaps one simplistic reason for the spendthrift nature of most Venezuelans—and presumably a surfeit of money is another—but in practice the growth rate of domestic savings has been remarkable considering the relatively low interest rates paid here.

The options for an average Venezuelan seeking to invest his savings are nevertheless limited. An ordinary savings account pays just 4 per cent., while fixed-term deposits of up to one year pay a maximum of 6 per cent., depending on the quantity involved. Mortgage and finance bonds, however, pay an attractive 8 per cent. tax-free, although this is still less than obtainable in, say, Mexico or Panama. Despite the absence of exchange controls, however, few Venezuelans make a practice of moving their money in and out of the country in response to changes in interest rates.

A.R.



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VENEZUELA VI

AS THE flood of money deluges into Venezuela and spending by the Government and the private sector spirals upwards, there has been one voice that has constantly been predicting disaster for Venezuelan society if some discipline is not imposed. DR. JUAN PABLO PEREZ ALFONZO, now in his late sixties, has been an amalgam of Isaiah, Jeremiah and John the Baptist, preaching to the people the need to turn away from the adulation of gold.

It is an irony that it was Perez Alfonzo himself who did the most to bring about the enormous riches that Venezuela to-day enjoys. In the late 1950s and early

1960s he served successively as Minister of Development and Minister of Mines and Hydrocarbons. It was under his inspiration, more than that of anyone else, that the Organisation of Petroleum Exporting Countries was founded, and he helped to keep it in being when its opponents were doing their best to kill it with ridicule.

Retired now from government, Perez Alfonzo spends his time in his house in Los Chorros, a leafy suburb overlooking the valley of Caracas, where he receives a constant stream of visitors and where he holds an occasional eagerly attended conference or seminar during which he

damns the waste and profligacy spreading out from the city below him.

Now a convert to the cause of conservation and self-sufficiency, he readily acknowledges that some of his policies of a decade ago were mistaken. He bends all his efforts to convincing Venezuelans that they must change their way of life if their society is to be saved. He is the single most influential man in Venezuela to-day, and if one man can be said to represent the country's conscience, it is he.

The following are the highlights of a recent conversation with him.

H.O.S.

... we are facing disaster'

CHASING AFTER hopes sorts of absurdities and upsets. Venezuelans themselves, which are impossible of fulfilment. The lesson to be learned from Venezuela, with its new last year's experience and this riches, has put together a year's and next year's that because our capacity for work ramshackle spending programme which is totally out of balance just because we spend twice as much. On the contrary the spending of foreign currency has just accentuated the general demotivation of the nation and which is from one year to the next and neither acceptable nor viable nothing improved. The number for the country or its people of abandoned children keeps us facing disaster. Disaster abandoned and people are got. Meanwhile, the supposed was the word used recently by the chairman of the Venezuelan Medical Federation in reference to the state of the medical and social services in this country. But it could equally be applied to all the activities of the public sector and the private sector.

"Nobody seems to care a jot and the whole of society is drifting. The state of society in Venezuela can be judged from the fact that the mental hospitals of Caracas report an ever-increasing incidence of anxiety and nervous depression and exhaustion. Public spending by the Government, a decisive factor in Venezuelan life, went from 9.65bn. bolivars in 1969 to 14.57bn. bolivars in 1973, discounting debt service payments. That is to say spending went up on average by 12.75 per cent. every year. But this already rapid growth in public spending broke all bounds last year when it rose to 40bn. bolivars. Even deducting the payments made to the Venezuelan Investment Fund, some of which are to be used of necessity represents imported for investment within Venezuela, public spending just things is that over and above a about doubled in 1974. Such relatively low level of imports, an incredible state of affairs goods brought in from abroad could not but bring about all serve to discourage effort by

that in 1974 the coefficient of 1917 reached a total of 13.9bn. imports to head of population in barrels. To-day in 1975 our Venezuela was 38.1, three times proven reserves are less than more than Peru, our nearest rival, with 14.6. Then came the accumulated output in the 59 years Brazil with 12.8, Mexico with 7.5, during which the concession 11.0 and Colombia with 7.5, systems has operated from 1917. What will the position be after 1975, will have reached the incredible figure of 32bn. barrels of oil; in 15 years we got rid of buying abroad this year?

"Earlier this year I had the rid of in the 44 preceding years, to visit China as a guest of the People's Institute of China. I will just mention one equivalent of 6.7bn. barrels of unforgettable experience I had during my visit, when I went to the village of Tachai. Tachai is got rid of in the unhappy period of oil concessions. The reserves in the north of the country, whose

name has come from the fact that it has applied to the full the calculation of the reserves in principle of 'counting on its own the light of new prices. Of

efforts and making persistent course, there are other marginal efforts to bring about its own fields, there is the Orinoco Tar

progress. From 1964 Chairman Mad has presented Tachai as an example, and he gave currency to the saying 'We have to learn from Tachai, we Venezuelans

1973 rose in 1974 to more than \$2.6bn. in more care of our oil reserves, and the Central Bank's plain in 1960. That year our estimates for 1975 are of the reserves reached their highest order of \$6.5bn. Anything goes!

The UN Economic Commission for Latin America points out accumulated production from

"The waste will continue. The waste will continue, but circumstances have brought the fate of the dinosaur who

us to the point of having to cut disappeared from the earth before more, the 19 per cent. I mean, cause he could not stop himself

moment. Things would have learned the lesson from the fall in would be doing ourselves a

special fund to be controlled by

the Group of Twenty Four developing countries. By not recuperating the total amount of purchasing power OPEC could

make a gesture to the industrialised countries and acknowledge that they too have problems. We would be giving a

boost to the economies of the

moment. Things would have been different if with less our oil income there is no hope favour as well."

The public capital market in Venezuela has a long way to go. In a country with a population of over 12.5m. and a GNP of \$13.8bn. last year, there are less than 100 public companies.

OF THE MORE than 6,000 companies which were registered in 1974, only 3 per cent had more than 50 stockholders. The Caracas stock exchange, the nation's only public securities market, is still in its infancy and does not play a major role in financing the private sector. The pillar of Venezuelan private enterprise is the family-owned business and this type of concern dominates almost all areas, ranging from pizza parlours to heavy industry.

The average Venezuelan who wants to make an investment does not consider the stock exchange to be a meaningful option, even though it has yielded steadily rising prices over the past five years. As one broker here remarked: "People with some money to invest will buy mortgage bonds (8 per cent, tax free) or place a down payment on a piece of real estate. Public knowledge about the exchange is scanty and anyway the market has very little to offer the small investor."

In spite of the gloomy picture, however, there is a real possibility that the local capital market will assume a more active role in coming years. With the support of a number of businessmen, the Government's National Securities Commission (NSC) is attempting to alter Venezuela's private financial structure by convincing closely-held companies that it would be to their advantage to go public.

Exemptions

Under the country's new Capital Market Law companies and their shareholders may obtain tax exemptions as high as 50 per cent (per company) or 100 per cent (per shareholder). Sr. Jatir Dotti also asserted that a number of companies have made serious inquiries about becoming open enterprises.

Most important, though, are the rules stipulating the number of investors who must participate in the formation of a certain foreign company. In setting up a company with a capital of \$15.23m. for cent of capital owned by Venezuelans) will be obliged to become either mixed concerns with the popular mortgage bonds (Venezuelans owning 51-80 per cent of stock) or national companies (over 80 per cent of capital in the hands of

to any company with a capital of \$230,000, which is the period of time. Other companies aware of the advantages of forming. Companies with greater composition of foreign and to their own concerns or the national capital may opt to be in general. They pre-

dicted that the exchange will be a desirable alternative to the popular mortgage bonds (Venezuelans owning 51-80 per cent of stock) or national companies (over 80 per cent of capital in the hands of

Many extremely successful Venezuelan businessmen are not

absorbed by the commercial banks. Mortgage bonds in 1974 accounted for well over half of all bond issues, while the Government's share was about 25 per cent.

The Venezuelan Central Bank

that he expected the Venezuelan



Dr. Perez Alfonzo explaining the world to foreign journalists.

might have been expected, came after a fall in the reserves. The cut production on our own.

"While we must continue to ensure that the rich industrialised countries of the world do not take advantage of our oil reserves, we have a tradition in Venezuela of boasting about disregarding the law we oil producers should take some solidarity with the other countries of the Third World, to this effect I suggested that

it is even more the case that our disregard of the principles should keep their present incomes frozen at the levels obtained in mid-1975 and recuperate only two thirds of the loss of purchasing power which would result from such a freeze.

The sum accruing from this adjustment could be paid into a special fund to be controlled by the Group of Twenty Four developing countries. By not recuperating the total amount of purchasing power OPEC could

make a gesture to the industrialised countries and acknowledge that they too have problems. We would be giving a boost to the economies of the moment. Things would have been different if with less our oil income there is no hope favour as well."

Dinosaur

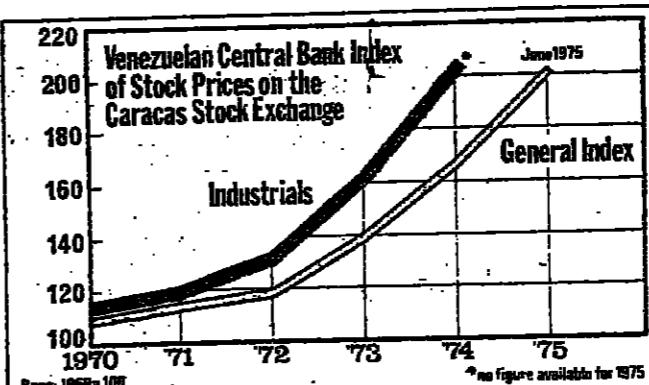
"It remains to hope that a big fall in our income in 1976 will fall 19 per cent. this year and a further 12 per cent. will give us food for thought. The inevitable fall in our oil income is the best opportunity we have of avoiding a final disaster. We must remember that the dinosaur who

but circumstances have brought the fate of the dinosaur who

us to the point of having to cut disappeared from the earth before more, the 19 per cent. I mean, cause he could not stop himself

moment. Things would have been different if with less our oil income there is no hope favour as well."

Capital market



Congress to approve a new tax code next year. Tax legislation was introduced this year but was held over while Congress debated a Bill which nationalised the country's foreign oil companies.

Senator Barrios said that a more equitable tax system, which will affect the high income groups that traditionally escape taxation, is a fundamental goal of the Perez Administration. President Perez and his chief advisors have frequently stressed the Government's intention to "redistribute" national wealth through a better incomes policy and a functional tax system. The Senator, who was Accion Democratica's unsuccessful presidential candidate in 1968, pointed out that instituting a broad personal and corporate income-tax plan would be difficult: "Venezuelans aren't accustomed to paying taxes and it will take some time to educate them."

In spite of the Government's professed intention to reform the tax system, feeling in the private sector runs high against any such reform. At this year's meeting of Fedecamras, the country's most powerful association of businessmen and industrialists, one agitated speaker predicted "the downfall of free enterprise in Venezuela" if corporate taxes were raised. Other business representatives expressed their distaste for taxes in apocalyptic terms.

Crucial

The fate of the tax legislation, though, will be crucial for the development of the public securities market in Venezuela. Up to now, the Government has relied on tax relief to lure family-owned companies out of their exclusive preserves. But the process of transforming these companies into sancos with clear-cut responsibilities to their stockholders cannot be accelerated, unless the big private investors see an advantage in going public.

Many of the large privately held firms view the new Government securities regulations as an invasion of entrepreneurial privacy and a usurping of managerial prerogative.

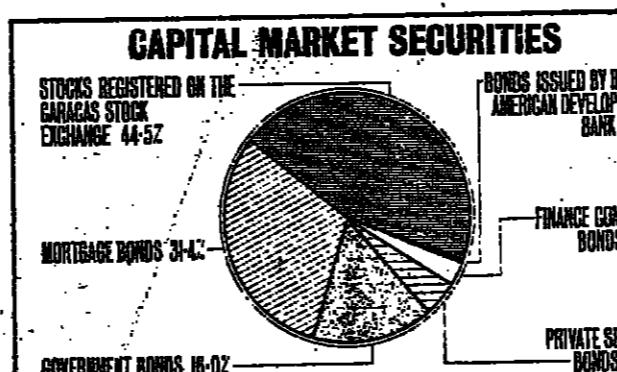
In any event, a transformation of the nation's capital structure will not come about quickly or voluntarily. In the next few years, though, a public capital market should become more attractive as scores of foreign companies search for domestic investors and as the general expansion of the economy creates the need for new growth capital among Venezuelan companies.

J. A. M.

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figures for the minimum stockholder requirement and the individual investment limit.

The aim of the measure is clearly to increase the number of individual participants, according to a standard procedure and to force the new concerns to meet minimal regulations set by the National Securities Commission.

The Government now exerts little control over internal activities of private companies.

Existing companies that do not want to offer all their stock to the public will be allowed to split ownership between public and private stock sales, but the portion of the company which goes public must meet all security requirements. In addition, any new companies will be forced to find enough interested buyers in time to meet the ownership transformation deadline, and that the basic pattern of stock purchasing in the market will be to open up the ownership of the company.

Although no sancos have yet been constituted, the chairman of the National Securities Commission, Sr. Barilio Jatir Dotti, said that a number of companies have made serious inquiries about becoming open enterprises.

Sr. Jatir Dotti also asserted that a number of companies have made serious inquiries about becoming open enterprises.

The new possibilities for public financing offered by sancos represent on the Board of Directors, a stable dividends policy and registration with the Securities Commission.

Most important, though, are the rules stipulating the number of investors who must participate in the formation of a certain foreign company. In setting up a company with a capital of \$15.23m. for cent of capital owned by Venezuelans) will be obliged to become either mixed concerns with the popular mortgage bonds (Venezuelans owning 51-80 per cent of stock) or national companies (over 80 per cent of capital in the hands of

Venezuelan government finance. Furthermore, the concept of placing Government bonds and purchasing stock as insurance against inflation is not widely accepted yet and public interest in the few available stocks is marginal. Real estate speculation is enjoying a heyday and almost invariably offers investors a substantial return.

Another problem which will confront the incipient capital market is that its best potential customers — businessmen, and professionals over 40 with extra income to invest — comprise a very small segment of Venezuela's young population.

Many of the country's brokers — who number less than 70 — in a country where the tendency is to buy rather than lease, most wage-earners under 40 will spend years paying off mortgages on homes and apartments before they are able to accumulate investment capital.

Statistics provided by the National Securities Commission show that for the first six months of 1975, trading on the Caracas Stock Exchange totalled \$113m. down almost 20 per cent on the corresponding period last year. However, the Commission also reported that securities prices in general rose by 17.8 per cent during the first half of the year. Trading on the Exchange last year reached \$214m., which represented a small part of the country's public and private securities activity. At the close of the year, the composite price index for the open market was 16.8 per cent. in increase. For the first ten months of 1975, trading on the open market has topped \$200m.

Mortgage bonds, with an 8 per cent annual tax-free yield are popular among small investors. These certificates are purchased directly from banks, but are also traded on the exchanges.

Last year \$528m. in bonds from the Government and the private sectors were issued, an increase of 5.8 per cent over 1973. This year and next the Government alone is expected to issue over \$980m. in bonds, into small corporate units, each of which pays little or no Federal taxes."

Senator Gonzalo Barrios, President of the ruling Government party, Accion Democratica, and one of the country's most respected political leaders, said that he expected the Venezuelan

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VENEZUELA VIII

Venezuela's oil pumps have begun to slow down, partly because of the glut on the international market and partly to conserve the country's dwindling (but still enormous) reserves. The Government is about to take full control of the industry.

Oil production

THE BLACK pumps nod in though, is the glut of fuel oil ister said last week that the followed the annual tradition of spending far beyond their of Venezuela, resembling in the recent months. Venezuelan resi-day production capacity, but budget allowances. Just a flock of strange metal dual oil—the country's most im- reiterated that the Government In a recent interview, Sr. birds pecking at the earth in portant refined product—was did not want to produce at this Rafael Tudela, a Venezuelan oil search of food. The machines being undercut by lower priced pace except in an emergency. have been drawing crude oil coming from Africa and the since high loss rates for natural from Venezuela's great sub-Middle East, and demand fell gas were unacceptable. A recent interview, Sr. Tudela, he said, there was a tendency for the situation to get worse.

As a consequence, fuel valuable raw material for the oil inventories are swollen, re-chemical industry. natural gas squeeze caused by a tight international market. Sr. Tudela, a Venezuelan oil trader who holds a seat in the national Legislature, said that the country's flexibility is problems for Government production were not due to conservation measures but rather to the content fuel oil for the U.S. East Coast. Although local refiners produce a number of products, the most important is residual fuel oil used for heating or generating electricity, or the President's Accion Democratica Party, added that since for further processing into more valuable distilled com-

last week that prices of Venezuelan refined products had been raised by 5.17 per cent. despite the 10 per cent. increase in posted prices for crude oil made as a result of this autumn's OPEC decision. It will take time, however, to see if Venezuela's market position improves, particularly since the demand for fuel oil is not ex-pected to pick up until after January 1.

Technology

Coincidentally, the Venezuelan Government will officially assume control of the private oil industry on that date, although it must continue to rely on the international oil companies to buy and market domestic petroleum products and supply infusions of technology.

The Perez Administration, which decides how much crude oil the industry will produce, has asserted that declining production was a voluntary action taken to conserve the country's proven reserves, estimated last year at 18.6bn. barrels, and to point in the last 18 years. The petroleum industry, nonetheless continues to earn more money for the Government than can be \$1bn. The money that was efficiently spent. Income from oil exports this year has been deposited in the fund, an institution founded in order to finance expensive State development projects. The Venezuelan Mines Min-

isterial departments which had

in turn to the central Government with Middle daily production average of 2.2m. barrels, does not reflect working capital. While the likely in the long run since both international oil companies Canada and the U.S. pay considerably less for shipping costs from Venezuelan ports.

But despite problems in marketing Venezuelan petroleum, the Perez Administration has given no indication that oil production might be reduced below its projected average of 2.2m. barrels per day for 1976. In fact, the Government's Five Year Plan bases its income on the 2.2m.-barrel figure.

Nevertheless, if the tight market situation continues there are two main alternatives for the Government: (1) to go back on production and wait for a recovery in demand or (2) to shave the prices of some petroleum products, a move which could have serious repercussions in OPEC.

Commenting on the future last week, Mines Minister Hernandez said: "We are in a completely flexible position to what we produce, with refining capacity at 70 per cent of our production and with exports presently made up to 63 per cent crude oil. What we do in the future will depend on the nature of our market, the degree of refining that is added in the U.S. and OPEC decisions."

J. A. M.

The Orinoco Heavy Oil Belt may be the world's largest single petroleum deposit. Its viscous nature calls for advanced techniques of extraction, and huge investment will be needed.

IN 1936, a wildcat oil drilling team working on the broad plains north of the Orinoco River struck oil at a well named Canoa No. 1. The crude oil that flowed from Canoa No. 1 was a third of the roughly 13,000 square mile strip that runs east to west above the Orinoco, Venezuela's most important river. Other soundings in the region indicate that the heavy oil reserves may reach as high as 3,000bn. barrels, but no truly accurate figure can be given until definite parameters of the belt are mapped out by geologists.

Other drilling crews of the period discovered many more deposits of heavy petroleum but rejected what they found and sought instead the underground reserves of lighter crude oils that abounded in Venezuela. What these oilmen discarded

had already been made because of the Government's conservation goals, however, the country began to feel intensifying pressures from reduced oil exports and was obliged to revise its estimates on petroleum income for 1975-76 while engaging in some fiscal juggling exercises.

Without effectively cutting

Government spending to any

significant degree, the Perez

Administration compensated for declining income by reducing reserves of lighter crude oils that abounded in Venezuela. What these oilmen discarded

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be developed before it can become commercially desirable. Early discoveries in the belt region, which cuts through three of the country's east-central States and the damp jungles of the Delta Amacuro Territory, were rejected because other less complicated brands of crude oil were readily available and because the international market price of crude would not justify the costs of processing

petroleum.

Although some light crudes do exist in certain parts of the belt, much of the reserves consist of viscous petroleum that can simply be pumped from the earth to feed Venezuelan refineries. It is an extremely viscous crude oil, laden with metallic elements and sulphur, and new ways of extracting and refining the belt's reserves must

be developed before it can become commercially desirable. Early discoveries in the belt region, which cuts through three of the country's east-central States and the damp jungles of the Delta Amacuro Territory, were rejected because other less complicated brands of crude oil were readily available and because the international market price of crude would not justify the costs of processing

petroleum.

On the south lies the 60 million-year-old geological formation called the Guyan Shield, and the Orinoco.

Present estimates of the production from the belt no

extents of the Orinoco Belt stands at around 150,000 barrel

length with a width varying

from 30 to 40 miles. An area

considerably larger than

Petroleum Corporation (CVC)

Belgium. The belt, which is

actually a sequence of individual petroleum deposits, runs

along the north bank of the Orinoco River, stretching from

the central plains of Venezuela

natural underground oil reservoirs that can be extracted as

eastwards to the Atlantic Ocean. The northern boundary

has been arbitrarily set near

extraction and profitability

active petroleum fields in pose complex problems in

Anzoategui State, the country's second most productive area.

Proven petroleum reserves, though, the belt does not count. Con-

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eastwards to the Atlantic Ocean. The northern boundary

has been arbitrarily set near

extraction and profitability

active petroleum fields in pose complex problems in

Anzoategui State, the country's second most productive area.

Proven petroleum reserves, though, the belt does not count. Con-

ventional proven reserves refer

to shed its ugly duckling image in the eyes of the international

oil companies.

Production from the belt no

extents of the Orinoco Belt stands at around 150,000 barrel

length with a width varying

from 30 to 40 miles. An area

considerably larger than

Petroleum Corporation (CVC)

Belgium. The belt, which is

actually a sequence of individual petroleum deposits, runs

along the north bank of the Orinoco River, stretching from

the central plains of Venezuela

natural underground oil reservoirs that can be extracted as

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Proven petroleum reserves, though, the belt does not count. Con-

With the setting up of a new State-run organisation at the start of next year, Venezuela's oil marketing policy will be rationalised and co-ordinated. The decisions to be made in the next year or two will be crucial to the country's future.

Oil marketing

ON JANUARY 1, 1976, handled by the major operating rising to over 230,000 barrels a day, "Petroles de Venezuela," the subsidiaries of Petroleos. The daily, total output should be in OPEC. In fact, the country Placing it all under one roof cannot afford the risk of trouble in its oil industry: it provides over 80 per cent of the Government's total revenue. Sr. Carlos Andres Perez, the President, has stressed repeatedly that nationalisation cannot be permitted to result in oil becoming a political football. The best are compelling reasons to optimise such operations as the could expect to have one year refining sector. The size and from now would be that shape of the Venezuelan oil industry in the longer run will depend on the planning effort.

Nearly two thirds of Venezuelan oil exports now go to North America, principally to the U.S. east coast, which consumes a large share of the high fuel oil obtained in the Venezuelan refineries. Sales to the Caribbean, Central America, Europe and South America take up the remainder.

Petroleos is the only major State company that must face and resolve marketing problems covering over 60 crudes and some 80-100 specifications of crudes and some 80-100 specifications of refined products. Fortunately, through its operating subsidiaries, the public sector oil industry can draw on experience, expertise and imagination in implementing its objectives.

The market is viewed as an outlet for continuing supplies. Prices and volumes therefore should be tied closely to this longer-run view, rather than to short-lived and often illusory market opportunities. Until now Venezuela has one of the largest heavy oil accumulations in the world in its Orinoco oil belt, believed now to contain a far greater volume than the 700,000 barrels originally estimated. Even if decisions to develop the area are taken within the next year or two, it will be 10-15 years before substantial quantities of acceptable grade crudes or products become available. Interesting prospects in the Caribbean oil fields and in the Orinoco Delta platform are essentially untouched.

In addition to crude oil, Petroleos de Venezuela will be a significant supplier of refined petroleum products. About 35 per cent of total exports comprise products, principally residual fuel oil. A basic record of achievement, Petroleos aims to co-ordinate Venezuelan oil activities on a realistic basis, within the framework of a staff of not more than 200.

In a world where State-owned enterprises have only a mixed record of achievement, Petroleos aims to co-ordinate Venezuelan oil activities on a realistic basis, within the framework of a staff of not more than 200. According to Petroleos, operations after January 1 will continue as before. Petroleos, in its role of a parent company, will not operate directly. The international marketing of Venezuelan oil, at least for some time in the future, will be in the hands of Venezuelan responsibilities (excluding bunkers) and the work of Venezuelan responsibility.

Other operation of its size, as a founding member of OPEC. In fact, the country Placing it all under one roof cannot afford the risk of trouble in its oil industry: it provides over 80 per cent of the Government's total revenue. Sr. Carlos Andres Perez, the President, has stressed repeatedly that nationalisation cannot be permitted to result in oil becoming a political football. The best are compelling reasons to optimise such operations as the could expect to have one year refining sector. The size and from now would be that shape of the Venezuelan oil industry in the longer run will depend on the planning effort.

The industry is now an and decisions that are taken younger talent. efficient one, with manning within the next two to three standards comparable with any years.

Petroleos and its operating branches see themselves as the basic income generators for the Venezuelan economy. Under this concept no proliferation of employment in oil can be expected. The existing personnel is among the country's best paid and most highly motivated. This is a valuable asset and Petroleos aims to keep it whole. As the foreign companies disappear, the workers will transfer to the new national operating companies, without any change in their working conditions. Their job stability is guaranteed by law and their termination benefits have been set aside in trust funds which now earn interest for the workers.

The average Venezuelan petroleum worker is now over 40 years old and has more than 15 years experience. Last year, average earnings per man were nearly \$15,000 in hard convertible currency. Many are approaching retirement and Petroleos has personnel development at the top of its agenda. Most managerial positions are already staffed by Venezuelans and operations have continued with as little change as possible.

The industry is now an and decisions that are taken younger talent. efficient one, with manning within the next two to three standards comparable with any years.

Alirio Parra

Orinoco

CONTINUED FROM PREVIOUS PAGE

estimated at 18.6bn barrels and obtained a 60 per cent. increase in its oil production is at an average of 24m. barrels.)

The companies working along the belt have developed a variety of methods for extracting heavier crudes. Under normal conditions in a conventional oil field, crude oil flows from the bulk of oil sold by the multinationals operating in Venezuela has been transferred to overseas affiliates. Petroleos de Venezuela, through its subsidiaries, will soon be looking for broader marketing possibilities. Increased direct sales to refiners and final consumers are a distinct possibility and should evolve gradually over a period of years.

Petroleos de Venezuela plans to operate with a small but highly experienced headquarters staff and will rely on the subsidiary organisations now in place to carry on day-to-day operations. Present plans call for a staff of not more than 200.

In the Heavy Oil Belt, though, natural flow will allow the recovery of only 3 to 10 per cent of the weightier crudes.

Converting heavy crude oils into marketable products is an equally tricky process. The high sulphur content and metal deposits of Orinoco crudes must be eliminated before it can be sold or processed into lighter and more valuable products through complex refining

processes using this coke as a cheap fuel for electric power generation, rather than natural gas or oil. Refiners in Japan are now studying the feasibility of using such residues to fire electric power generating plants.

Perhaps the belt's most appealing factor is the prodigious quantity of oil lying in relatively shallow deposits. (The availability of Orinoco heavy petroleum becomes more attractive as Venezuela continues to

heavier crudes into the lighter, more profitable oil products.)

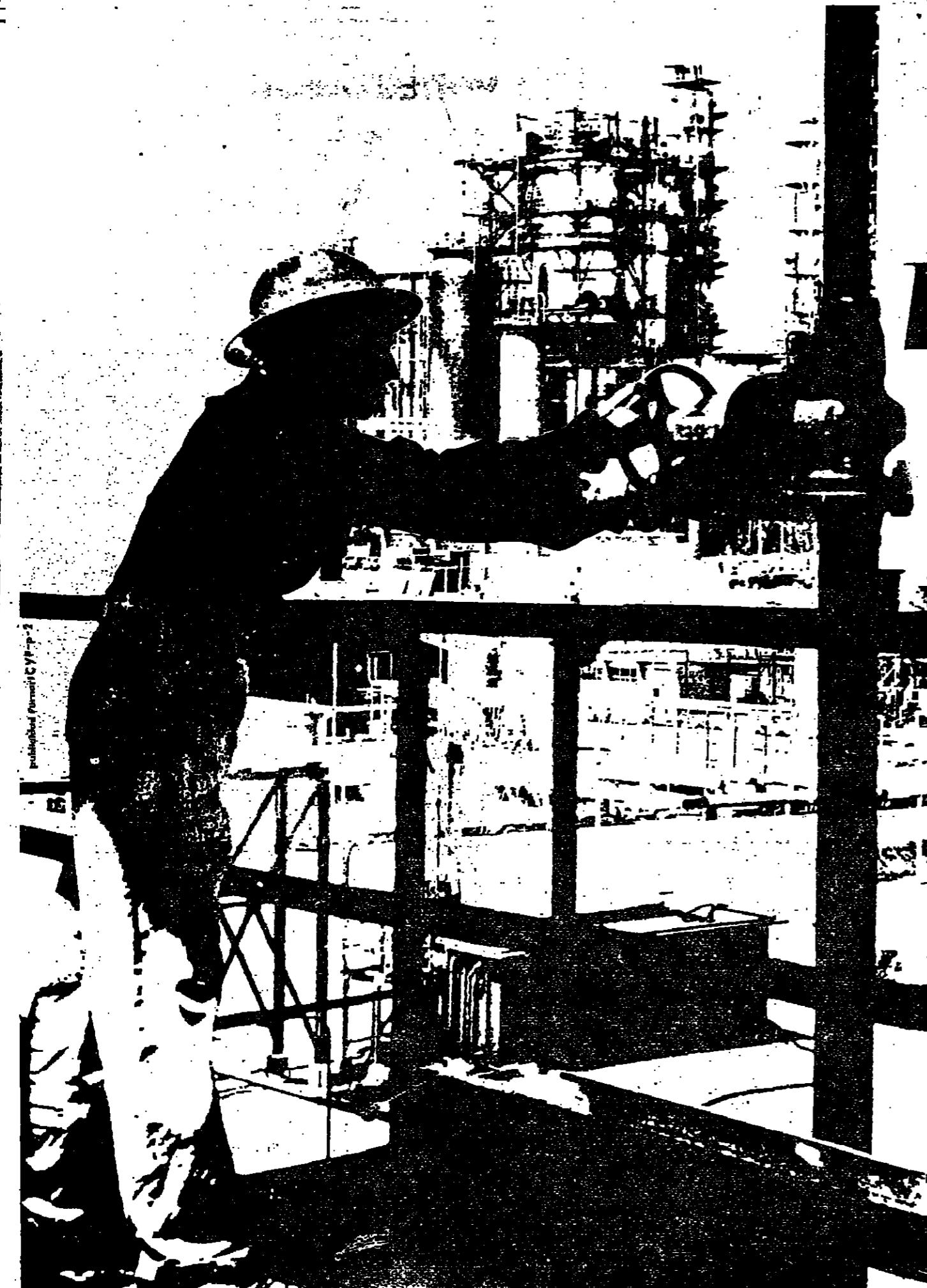
The Mines Ministry, which is responsible for overseeing all aspects of oil activity in Venezuela, has provided samples of heavy crudes from the belt to oil companies, laboratories and universities, with the understanding that the results of the chemical analyses will be shared with the Government.

Residual

As processing begins from the belt, simple on-site processing plants will be established which will break down crude oil into its components and a residual petroleum coke. The Government foresees using this coke as a cheap fuel for electric power generation, rather than natural gas or oil. Refiners in Japan are now studying the feasibility of using such residues to fire electric power generating plants.

The foreign petroleum companies will provide the nationalised oil industry with technical assistance after the legal takeover process is completed on January 1. But the precise shape of technological infusions for the Orinoco Heavy Oil Belt will not be forthcoming until the Government has defined its long-term energy policy and has assumed control of the 21 private concerns that make up its giant petroleum complex.

J. A. M.



VENEZUELAN OIL AND THE WORLD MARKETS

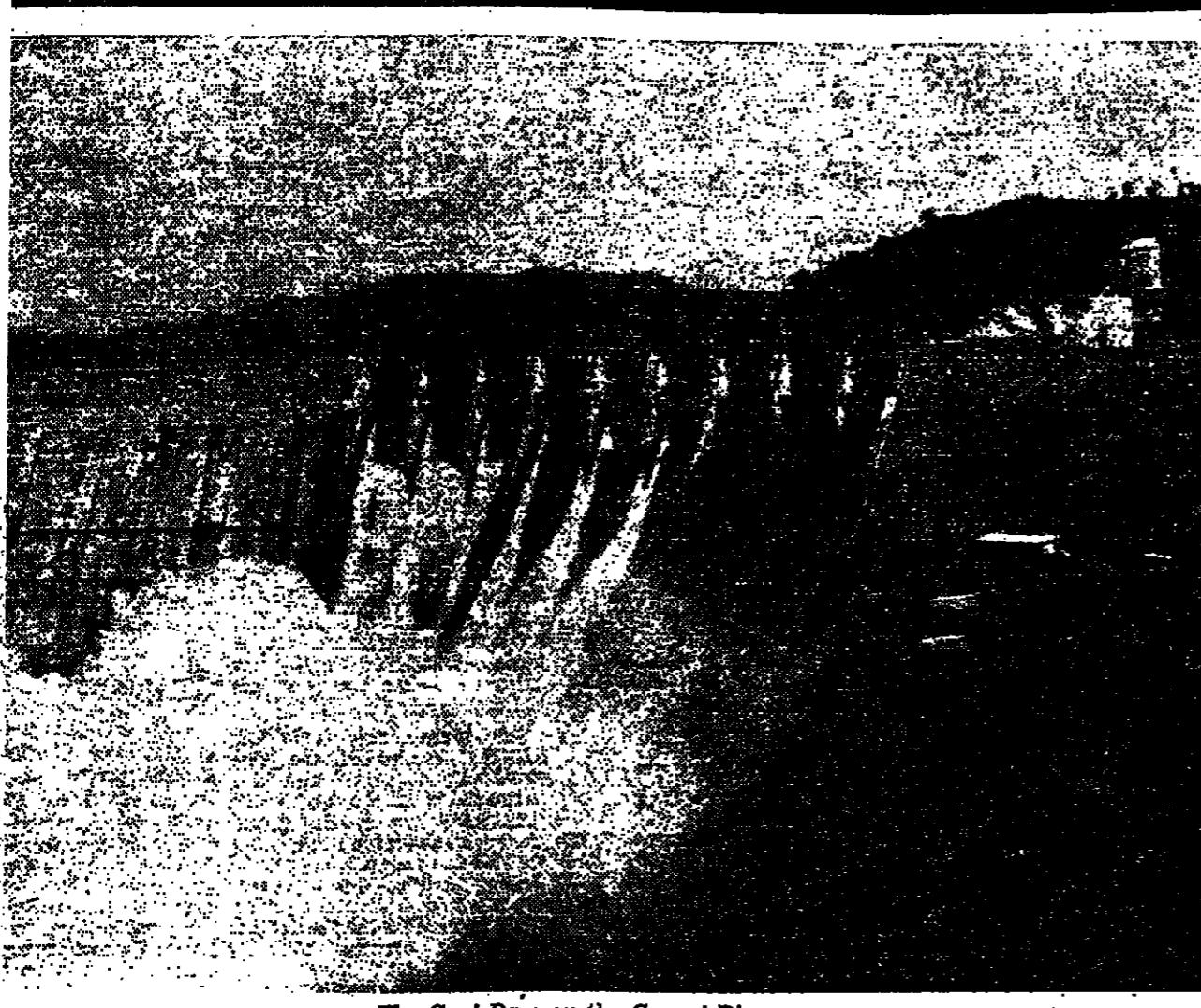
The decision of the Venezuelan government to go ahead with the nationalization of our oil industry is set within the framework of the legitimate right of the peoples of the world to control the exploitation of their natural resources. It has not been our aim to speculate with this natural wealth. We are trying, rather, to achieve a new international order based on a truly just relationship between the industrialized countries and those

struggling to reach higher levels of development.

We believe that only through the attainment of this new order can the world arrive at the peace and economic and political stability we all desire. Venezuela, in its efforts to achieve the balance demanded by new realities, will continue to fulfill its commitments to the international markets through its nationalized petroleum industry.



Corporación
Venezolana
del Petróleo



The Guri Dam on the Caroni River.

Hydroelectricity supplies most of

Venezuela's domestic energy as well as serving the steel and aluminium industries. Oil, gas and coal can thus be used to supply industrial needs. Plans for nuclear development are beginning to take shape.

Hydroelectricity

JRE sign of the wealth. "It was so cheap to build, we can regulate 95 per cent of the natural resources can be used to supply the needs. The main water is clean. There is hardly any hydroelectric plants in the world." Construction of the Guri Dam, coal supplies can be 55 miles south of Ciudad Guayana, began in 1963, with its being "wasted" on generating capacity inaugurated in November 1968. To-day, when the country's electric potential is fully developed—around 1990—with an installed capacity of nuclear energy should 1,200 MW. Because of the rapid rise in electricity demand, particularly from the burgeoning industries of Ciudad Guayana, plans to complete the first stage by 1980 have been brought forward by three years. By 1977, in fact, a further four power units will be in place, giving the dam a hydroelectric capacity of 2,080 MW.

Present hydroelectric power about 50 per cent of Venezuela's electricity of 4,500 MW, but there will grow rapidly next 12 years. Already, hydroelectric energy is a crucial part in the development of steel and

um industries in the second Ciudad Guayana. And stage has been advanced even to the availability of cheap energy, both steel and aluminium sectors expand dramatically the next ten years.

ive

than half Venezuela's hydroelectric potential in just one river—the Orinoco River at Guayana. By 1990, the four projected hydro-dams will have a capacity of over 13,000 MW, another 7,000-12,000 MW installed on the nearby River and the rivers of the Santo Domingo and

Contracts have already been signed for power units for completion of Stage One, while bids have been invited for provision of some equipment for Stage Two. Japan's Hitachi, which supplied the first six turbines, will provide the final four.

River. "It was a gift from God," one engineer said. 220-MW capacity turbines for

Decision

A decision on the turbines is expected later this month, although Hitachi is the strong favourite, not only because it has enormous experience in Guri, but because its bid was reportedly much the cheapest.

The generating equipment will be chosen around next April from offers made by Hitachi, Mitsubishi and Toshiba of Japan, General Electric and Westinghouse of the U.S., Alsthom of France, ASEA of Sweden, Brown Boveri of Switzerland, Siemens of West Germany and the Canadian General Electric. The Soviet Union, experienced in producing power units of the 600 MW dimension to be used in that

Stage Two of Guri, is interested in making bids for the six turbines and generators that will complete the dam's capacity. The civil engineering work on Guri Stage Two will be terminated by 1982, although the first of the new power units will be installed in 1980 and that proportion will grow rapidly as the region's development takes off.

The balance, however, is being and will be injected into the national grid through sales to CADAFE and Electricidad de Caracas, the country's two

first of the new power units will be installed in 1982. The cost of the Carapu's hydroelectric energy—\$0.008/kWh in response to the growth of demand, although, according to current projections, they will be necessary by 1987.

At present, there is only one other dam on the Caroni—at Macagua, just four miles south

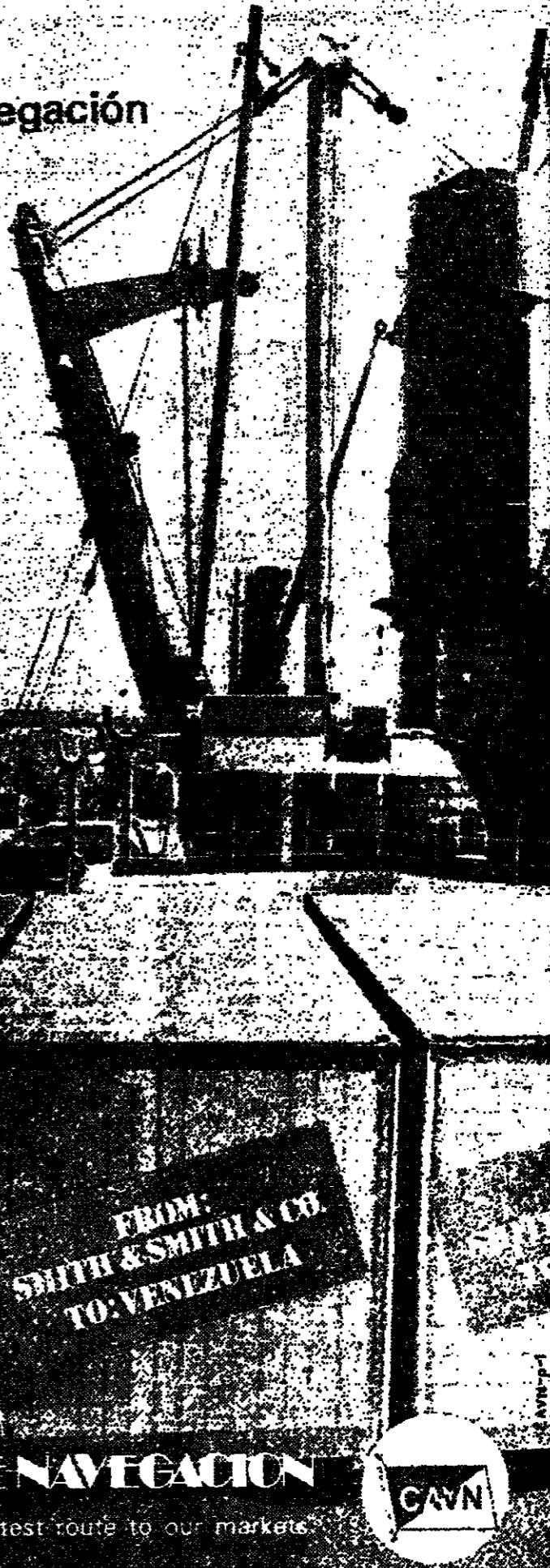
of Ciudad Guayana alone and that

is the shortest route to our markets.

EXPORT

via Venezolana de Navegación

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The shortest route to our markets.

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River. "It was a gift from God," one engineer said. 220-MW capacity turbines for

hipbuilding

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subscriptions from the Veneçuelan Investment Fund ear totalling \$218m. Venezuela's three largest are destined for major ement with the help of in Government funds to be next four years. Guaira, the country's prin- port and the main freight for nearby Caracas, has suffered from acute round times.

ring one of the score of conferences called by the nment to discuss the helming concession at Guaira, Finance Minister Hurtado told reporters the State was doing all it to speed up activity, but the flood of imports was so that "not even Mandrake make things work" in an effort to improve cargo

Christmas

A Caracas newspaper reported last week that half the imports arriving at La Guaira in recent days consisted of alcoholic beverages ordered for Christmas festivities. Four warehouses at the port were full to overflowing with liquor, especially cartons of "guisqui" (whisky) used to enliven the fortnight around Yuletide when the sound of ice glasses is heard from the Andes to the Atlantic.

La Guaira will receive new installations valued at \$104m., including eight new docks, grain storage facilities and other general improvements.

J. A. M.

A. R.

Lloyds Bank International are in Caracas.

Represented by Kenneth D. Campbell Penthouse 'B', Edificio 'El Universal', Avenida Urdaneta, Caracas 101. Apartado 4550.

Associated Bank:
Banco La Guaira Internacional C.A.

For further information on doing business with Venezuela and the Andean Area, please contact our Latin America Division.



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The steel industry has been earmarked as a major recipient of funds from Venezuela's oil earnings. Its potential for growth is undeniable, but the rest of the industrial sector still needs to expand.

The steel industry

PERHAPS MORE than any has been so badly run that it planned for 15 years." In the euphoria of OPEC's oil price coup, which coincided with the installation of an ambitious new Government, the talk was to increase Venezuela's steel capacity from 1.3m. tons to-day to 15m. tons by 1985. But the technical, administrative and even financial problems involved forced a revision of plans, and the current programme is that about 10m. tons should be produced annually within the next decade.

Expansion

The first stage involves the expansion of Sidor's plant at Ciudad Guayana from 1.2m. tons to 5m. tons by 1978. Work is going ahead almost on schedule, and most large supply and construction contracts have already been signed. The second stage, current production of about 23m. tons—most of the output first be developed. But, over the mean, in the words of one which is still being planned, is now exported although past decade, the largely national official, "that we can now do would include the construction of another 5m. ton steel complex eventually all will be trans-

formed domestically—the close to Venezuela's principal reserves have a life of at least 80 years. A third factor guaranteeing the competitiveness of Sidor's steel is the ample supply of cheap energy from the Guri hydro-electric dam on the Caroni River, just 55 miles south of Ciudad Guayana.

Because of the growing import cost of coke—Venezuela still has no facilities for transforming coal into coke—and the availability of alternative energy supplies, the expansion of the Sidor complex will be founded on the use of natural gas and the production of sponge iron through the HyL and MIDREX processes. The natural gas is readily available in the hydrocarbon reserves north of Ciudad Guayana and, at least until with production and the need for a further expansion in capacity will be felt.

The plans for the steel industry's second 5m-ton plant are still very much at the debating stage, although there is agreement in principle that the

of earth for the huge new complex will be established in tries. Even during the recession in world steel facilities will be completed by the state of Zulia, with the recession in world steel February next year, while the twin aims of using the local Venezuelan Government extension of the quay from 300 to 600 metres will be finished 1,500m. tons, of which 20 per cent could become coke—and against "dumping" see detriment of Sidor. At present, Sidor is currently in charge of studying the project—advised by W. S. Atkins and Partners of Britain—which would initially involve semi-finished products for export. The company's net profits are \$30.3m. from \$24.5m. previous year. Earnings rose by 42 per cent in 1973 to \$21.58m. in 1974. Accumulated profits reached \$45.6m. Germany have already made a preliminary presentation to Sidor. But the fact that British companies showed down this year, the company remains sound financially.

Capacity

Perhaps the only is therefore if the should increase its

presuming it too is in

of the Zulia project—

ability to consume

In view of the impre

of the world steel mar

decision to shelve

raise production to

by 1985 was therefore

Zulia project is also no

studied in greater de

originally seemed poss

it is evident that no

will be given until the

steel slump is passed

clear pattern of dema

the next decade is evi

Along with Mexico

and Argentina, then V

is destined to become

Latin American steel

with its cheap ore and

its relatively easy

markets perhaps one

country has belonged since

January last year.

Nevertheless, faced with the

prospect of having to market

perhaps as much as 3m. or 4m.

tons of steel products within

eight years, Venezuela may

find the economic viability of

its industry being questioned.

For example, even within Latin

America, with Mexico and

Brazil currently expanding

their steel capacity, there will

be sharp competition among

potential exporters. Japanese

and European producers, fight

ing to retain their share of the

market, are also not above

"dumping" their steel at

below-cost prices and thus

undermining the local indus

Aluminium is also poised for expansion. But there is a problem, in that Venezuela is surrounded by countries whose bauxite deposits are of much greater importance to their economy

Aluminium

ALONG WITH steel, Venezuela's aluminium industry is currently reflecting the financial exuberance that the country has assumed since OPEC helped to multiply its oil earnings two years ago. Almost overnight, as the petrodollars have rolled in, the Government has casually added to its challenges by announcing that aluminium production will grow from 54,000 tons a year to-day to 450,000 tons by 1980, enough to convert the country into the region's main exporter of the finished product.

The natural reaction to such ambitious plans is, of course, to presume that enormous and sudden wealth is provoking delusions of industrial grandeur. But one factor gives cause for confidence: the aluminium industry—along with steel and hydroelectricity—comes under the Venezuelan Corporation of the Guayana (CVG), which over the past 15 years has proved itself the most efficient agency in the Government. As a result, while many of the administration's project announcements are seen as mere announcements, those that are executed and administered by the CVG are expected to become reality.

Electrical

Venezuela's aluminium industry as it currently stands involves just one 54,000 tons capacity plant at Ciudad Guayana. The site was chosen because it is close to the main source of cheap electrical energy, the Guri hydroelectric dam on the Caroni River, 55 miles south of the plant. The factory is also beside the Orinoco river, thus enabling supplies of alumina to be unloaded directly from the freight-carriers.

The company, known as Alcas, is owned 50 per cent each by the Reynolds Mining Company of the U.S. and the Venezuelan Government through the CVG, although Reynolds has responsibility for managing the operation. Reynolds also supplies the plant with alumina from its plant at Corpus Christi, Texas, which in turn is supplied with bauxite directly from Jamaica.

The huge investment involved in the aluminium industry—more than \$1 billion apart from the industrial effects that will spring up with cheap aluminium—have to go ahead with the Venezuelan Government

CONTINUED ON NEXT PAGE



IMPORTANT BUSINESS WITH VENEZUELA NOW HAS ITS NEW YORK OFFICE

The Banco Industrial de Venezuela, one of Venezuela's main financial institutions, has opened a branch of its own in New York. At 400 Park Avenue the Banco Industrial de Venezuela offers its services as an intermediary and expert advisor for all exchange and credit operations connected with the sustained and growing development of our young South American nation. A magnet for investors and top level people from the most dynamic countries of the contemporary world, Venezuela occupies a high

important international position because of its status as a petroleum exporter and as an impressively stable and financially healthy market.

The Banco Industrial de Venezuela is a collaborator in this process and its new New York offices are a required calling place for those interests—both in the United States and Britain—which need to establish contact with the new opportunities offered by the Venezuelan economy.



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VENEZUELA XIII

Venezuela's motor industry, which directly or indirectly is entirely of foreign origin, is passing through a difficult period. Long-term prospects, however, are considered bright in terms of the country's membership of the Andean Common Market.

The motor industry

VENEZUELA'S motor market for these companies, though, while growing, is still far too small for General Motors, which are steadily metamorphosis rapidly, and thus avoid some of the government controls, and thus profit from the relaxation of the continent's motor industries. For example, within the next year, with these 16 companies operating, total vehicle output will probably be 118,000, and this year may exceed 140,000, with Ford and Chrysler marketing about 40,000 vehicles each. But with the industry producing over 80 different model variations—admittedly down from 116 five years ago—economies of scale are still a distant dream.

Until the Government began seeking to control retail prices, however, the cost of inefficiency was merely passed on to the consumer behind high protective barriers. Foreign producers could also sell the parts to be assembled in Venezuela at arbitrary prices, and thus ensure healthy profits at source.

But in the late sixties, the Government's creeping price controls began to be felt. At first the price of so-called popular cars was directly controlled, although this later gave way to control of the price of just one model in each category, thus forcing the other producers to hold down their prices to remain competitive. Subsequently, a fully foreign-owned Ministry of Development introduced price controls for all cars, though not lorries. It now controls the prices of all lorries and some "popular" cars.

The theory behind these controls—beyond that it is politics—is that foreign producers are making a large profit when they sell their unassembled parts to Venezuela and can therefore carry a smaller profit or even

loss here. But while this might

be true, the market for these

cars is in no way able to share in

the first stage of profit-making

but must carry any losses

entirely on their own.

The large and mainly American companies are also in a better position to ease the impact of price controls on the "popular" cars—in American language, compacts and sub-compacts—since they are free to raise the price of their luxury products. For example, General Motors is able to sell its main six-cylinder models at only about 10 per cent above the average American price. But its eight-cylinder luxury cars are sold at more than 200 per cent above the U.S. price—although accounting for only 18.5 per cent of the total population—Venezuela was obviously in a position both to benefit from the larger market and suffer from any excessively egalitarian distribution of the industry.

After often bitter negotiations, during which the Venezuelan industry complained vocally that it was suffering unfair discrimination, the Andean Pact nations agreed that vehicles of less than 1,500 c.c. should be produced by Colombia, Chile and Ecuador, and that vehicles between 1,500 and 2,000 c.c. be produced by Venezuela, Peru and Colombia, and that vehicles above 2,000 c.c. would be produced exclusively by Venezuela. In practice, countries can produce other models, but only those specified in the agreement will benefit from the lifting of all tariff barriers and import duties within the region.

To adjust to this agreement, the Venezuelan Government has

taken the opportunity of plan-

ning the entire reorganisation of the local industry. It has

decided that only seven basic

models will be produced here in future: cars of four, six and eight cylinders, one Jeep or Land-Rover, and

small, medium and heavy

lorries. In each category, the

current producers have until

January 15 next to present bids

for the establishment of an alumina plant in Jamaica which would longer bought their product.

and more carefully controlled. By 1980, for example, 75 per cent of the value of the Venezuelan automotive cylinder model, while Ford, vehicle, including the engine, transmission and rear axle, must be produced here. And by 1985, the percentage of national input must rise to 90 per cent, including the body-work. Because of the enormous cost of producing some small, sophisticated parts, however, the current plan is to end the integration process at 90 per cent.

For fully-owned foreign companies, there will be the compensation that, for the first time, they will be able to produce their own parts in Venezuela next year.

For those companies remaining here, the process of national integration will be accelerated Venezuela, thus ensuring both

quality control and continued premise that we will import the direct participation in their bauxite for our alumina plant, own products. But new manufacturing companies must be but we must be ready for any eventually.

Even more than oil, the price of which is determined worldwide by OPEC, bauxite policies may undermine Venezuela's efforts to establish closer economic ties with the Caribbean. The Perez Government is clearly anxious to help its neighbours, but it cannot sacrifice its own development. For example, if the efforts of such bauxite producers as Jamaica, Guinea and Guyana to increase the world price of bauxite are successful and the rest of the commodity to Venezuela begins to affect the profitability of its own alumina and aluminium projects, then Caracas can be expected to order the development of its own bauxite supplies. The Alumina del Caribe plant will in fact be a high temperature/high pressure installation capable of using different qualities of ore. Similarly, as the bauxite producers understandably seek to transform their own natural resources, they will find themselves competing for markets with Venezuelan alumina and aluminium, both of which will be benefiting from cheap electricity and up-to-date equipment. For example, at present, most of Venezuela's 10,000 tons of aluminium exports are going to the Andean Common Market nations. But once the expansion programme is completed, Venezuelan aluminium will also be seeking markets in the Caribbean and the United States. Under the agreement with the Japanese consortium, 110,000 tons of Venalum's output will be sold directly to Japan. But during at least a decade, export markets must be found for the balance.

But given the abundance of cheap petrol here, the generalised taste for large expensive cars and the ambitious Government plans for highway construction, it is evident that, at least in Venezuela, the automotive sector will remain a rapid growth industry for the foreseeable future and beyond.

A. R.

CONTINUED FROM PREVIOUS PAGE

Aluminium

be 51 per cent-owned by the sources said. For different

Jamaican Government, 29 per cent by the Mexican Government, 10 per cent by the Venezuelan Government, and 9 per cent by Kaiser of the U.S., but so far no final decision has been taken to go ahead with the project. In a political

rather than economic gesture, the Venezuelan Government has

signed a Letter of Intent that, if the project is carried out, it

will supply 10 per cent of the capital and will buy 200,000 tons of alumina a year, even though its own alumina needs will be met by the satisfied by Alumina del Caribe.

CVG sources explained that the main reason that Venezuela's bauxite reserves were not being developed was also

political. "We are surrounded

by bauxite producers who would

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signed a Letter of Intent that, if the project is carried out, it

will supply 10 per cent of the capital and will buy 200,000 tons of alumina a year, even though its own alumina needs will be met by the satisfied by Alumina del Caribe.

CVG sources explained that the main reason that Venezuela's bauxite reserves were not being developed was also

political. "We are surrounded

by bauxite producers who would

be 51 per cent-owned by the sources said. For different

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NOTICE IS HEREBY GIVEN THAT THE MINISTRY OF PUBLIC WORKS OF VENEZUELA WILL RECEIVE APPLICATIONS FOR PREQUALIFICATION FROM INTERESTED NATIONAL AND INTERNATIONAL CONTRACTORS FOR THE CONSTRUCTION OF THE WORKS DESCRIBED HEREIN. THE WORKS TO BE CONTRACTED FORM PART OF THE PROPATRIA - LA HOYADA STAGE OF THE CARACAS RAPID TRANSIT SYSTEM (METRO).

I-75-OMTS SECTION CS805. CIVIL WORKS PARQUE EL CALVARIO - LA HOYADA

Section CS805 covers the construction of 1310 meters of subway structure; the construction of 50 meters of at-grade structure between Parque El Calvario and the La Hoyada Station; the relocation of a creek; and the construction of two stations: El Silencio and La Hoyada. Breakdown of subsections is as follows: 50 meters of at-grade line; 84 meters of arch tunnel to be excavated in rock, with cast-in-place concrete alignment; 323 meters of cut-and-cover twin cells; 174 meters long El Silencio Station, and 177 meters long La Hoyada Station, both with side platforms and underground mezzanine; 570 meters of softground excavated two-way single tunnel horse-shoe section, including partially pre-cast and partially cast in place concrete lining; relocation of 130 meters of Los

Padrones Creek; installation of some minor mechanical equipment. Main construction items of entire section are:

- a) Supported cut-and-cover excavation M² 22,700
- b) Excavation for trackway and pavement M² 24,000
- c) Miscellaneous backfilling M² 55,100
- d) Earth hauling M³Km 3,931,200
- e) Concrete structures M² 56,695
- f) Reinforced steel MetricTons 7,025
- g) Rock excavated two-way single tunnel horse-shoe section of approximately 10 m x 6,30 m, including concrete lining cast in place M

h) Soft ground excavated two-way single tunnel horse-shoe section of approximately 10 m x 6,30 m, including concrete lining partially pre-cast and partially cast in place M 571

certified copies of these

b) Publicly notarized document issued by the firm, valid in Venezuela, that authorizes the person or persons that can sign on its behalf; or Power of Attorney, whichever is the case.

c) General balance sheet for last fiscal year.

d) Trial balance, showing debtors, creditors, fixed assets, investments, shares, and participation in other companies, profit and loss statement, etc.

e) Commercial, financial and bank references.

f) List of technical personnel indicating the specialization of each.

g) List of major similar-type projects, contracted, executed, or in construction for the public or private sector. Indicate the approximate percentage of work completed to date of projects mentioned in construction.

h) Accredited documents indicating the firm's satisfactory completion of projects of a similar type and scale to the projects for bidding. Whenever possible these projects should be described and the level of responsibility that the firm had in their execution should be indicated.

i) Tax clearance certificate issued by the Administración General del Impuesto

VENEZUELA XIV

At a time when it is estimated that the high-grade iron ore deposits in the south-east of Venezuela are capable of profitable exploitation for several hundred years the major mining companies have just been nationalised. The country also has reserves of coal, diamonds and gold.

Mining potential

NATIONALISATION IS getting Steel, were taken over by the Government's decision and same period. to be rather a routine operation Government's super-develop- had expected to stay in Venezuela until at least the year first six months of 1975 were in Guayana and coal may be about 95 per cent of the oil companies; last year it was the iron ore companies. The two concerns, which last sessions expired. The high countries: United States (6.3m. tonnes); the U.K. (1.2m.); West Venezuela's first big state takeover is now almost a year old. iron ore, were compensated in south-eastern Venezuela can Germany (1.1m.); Italy (1.0m.); On January 1, 1975, President with \$101m. in Government be profitably exploited for Spain (526,000); Holland (336,000); Belgium (212,000); France (161,000); Czechoslovakia (98,000) and Poland (70,000).

Months of negotiations were held between Government representatives and the mining firms, and the companies were paid compensation according to the net book value of their holdings. Moreover, the parent operations in the U.S. will continue to receive regular ore shipments until the end of the decade.

The country's first exercise in nationalisation was effected

Under the nationalisation agreement, executives of the two foreign concerns agreed to manage the companies until December 31, and will continue to provide technical assistance after that date.

The Orinoco Mining Company, with no hysterics, no troops, no expropriations or threats of reprisals. The companies, of course, were not delighted by

the Government's decision and same period.

Iron ore shipments for the south dug out 1,249,000 carats,

supplied to Government electrical generating facilities nearby, pending further study. Venezuelan coal production for the first half of 1975 reached 31,322 tonnes, an increment of 10.6 per cent over last year. Development of the Naricuá mines will be carried out by the State-owned company, Camina (C.A. Minas de Naricuá).

The Government plans to begin exploiting coal deposits in Zulia State, the country's biggest oil producing region, by 1978.

Selection

A regional development organisation for Zulia, called Corpórola, has already contracted the German firm of Fisenbau Essen to provide technical assistance in selection of mining areas, estimating reserves, physical and chemical analyses of different types of coal, preparation for actual mining activities and training of personnel.

Although Venezuela's total coal reserves are tiny in comparison to the annual output of the Soviet Union (700m. tons) or the U.S. (500m. tons), the

deposits, which have been worked since the 19th century, are estimated to reach around 900,000 tons, but a thorough evaluation of the area has not yet been made.

The coal deposits now receiving Government attention, though, are the Naricuá mines in eastern Venezuela. These

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The coal deposits now receiving

VENEZUELA XV

Caracas is the home of a flourishing art market. European and North American dealers are showing increasing interest in the area and Venezuela's own artists are commanding higher and higher prices for their work.

The arts

SUAL observers attend the numerous open-air markets which take place throughout the city. The scene is noisy and hectic. Scores of art dealers from all over the world are eager to look at what may turn out to be a profitable stopover on the way to and from Europe and New York. The city, moreover, has an impressive background as a showplace for the works of major modern artists. The sales, the shows, the auctions, the very good art and the mediocre, all add up to the sophisticated pace of the city's art scene.

But the boom in the art market is only a natural note in the national preoccupation with business and the making of fortunes. At least two new generations of professionals with steadily increasing incomes and basic needs more than satisfied are being persuaded that investing in art is as good or better than speculating with land or with co-operative apartments and certainly more prestigious. Art patrons and cultural leaders who have been responsible in the past for the high level of art shown and collected in Caracas, wonder at the "investing" pitch and what it has to do with art.

Venezuela has good reason to be proud of its fine art legacy.

Miguel Arroyo, outgoing director of the Museo de Bellas Artes, the nation's principal art institution, considers that Venezuela's "are an eminently visual people" and that throughout its history from the colonial period to the present, painting has proved to be the most outstanding of all its art forms. Two of its greatest talents in the 19th century, Arturo Michelena and Cristóbal Rojas, received government

scholarships for study and work modern movements. Venezuela has been to Europe. But tuberculosis probably has more outstanding artists than any other country in Latin America. The promise of donation of a highly important private collection gave the museum one more argument with which to convince the State about initiating the construction, in a kind of grand-scale matching fund between the State and private individuals.

Eccentric

Armando Reverón, the most remarkable Venezuelan painter of Caracas, designed by the first half of this century, introducing modern art on an eccentric who withdrew from society and buried himself in an urban scale. Villanueva, more or less, carried out one of the most ambitious syntheses of art and architecture in the world. Next to great works by Calder, Léger, Arp, Pevsner, Vasarely, Laurens and others, he commissioned murals, colour sequences and sculpture from the most prominent contemporary artists in Venezuela. Unfortunately, these works have suffered greatly from student vandalism.

But all of this has changed or seems to be changing. Outstanding contemporary artists such as Soto, Alejandro Otero, Carlos Cruz-Diez and Héctor Poleo—have survived not only their early difficult years in Paris and their prolonged exile, but have won international recognition. The sale of their works, first abroad and now in annual sales for a top gallery in Caracas, has made rich men of at least two of them.

Success at home has in many cases slowed down the emigration of artists to Europe which has been the tradition for generations since the 19th century.

Many have now returned permanently. They have opened studios in order to handle the many commissions for public sites and monuments which the local government is anxious to stimulate in support of the arts.

Soto, for one, has repaid his country handsomely by donating to his birthplace, Ciudad Bolívar, his collection of geometric and kinetic art, built up through the years by purchase and exchange. The collection is housed in the Museo de Arte Moderno Jesús Soto, a building designed by architect Carlos Raúl Villanueva, his friend and patron from early days.

During what some refer to as the "heroic" years of Venezuelan painting—the fifties and early sixties—when it was difficult to sell even the most sought-after painters, when Government support to the arts was minimal, they have had to rely on private foundations and the National Council of the Arts (Conac). This new

cultural legislation was a year in preparation and while in Congress was attacked by private television and radio stations which accused it of being a threat to the freedom of the Press and speech!

Aside from overcoming this early animosity, which generated unnecessary ill-will, the Council's directors will have to see closely to three major problems: if they hope to put any of its programmes into action. They are (1) how

to rid the Council of the inefficient bureaucracy which it inherited from the old structure; (2) obtain the necessary funds, in proportion to the nation's incomes and cultural needs; (3) train people who will be capable of carrying out the programmes.

Artists from the newer generations, who are not at all interested in following in the footsteps of the Soto and Otero generations, receive little or no sponsorship. The art schools are practically non-existent, even physically, and young talents are frequent "drop-outs" from those they consider inadequate centres.

But the saddest story concerns the Museo de Bellas Artes. Considered exemplary

Government approval for erecting a new wing, designed as was the old neo-classical building, by Villanueva. The promise of donation of a highly important private collection gave the museum one more argument with which to convince the State about initiating the construction, in a kind of grand-scale matching fund between the State and private individuals.

The new wing was "pre-inaugurated" in December 1973, though it was still uncompleted. Two years later the traditional lack of funds keeps



The new block at the Museum of Fine Arts in Caracas.

the handsome, six-storey building, the Gallery of National Art, in step with the winds of the public. Meanwhile, the collectors have withdrawn their Museo de Bellas Artes, both physically and in its collections. A recent development complications. Where these nationalistic are plans underway to seek winds will sweep the cultural priority for a new museum pro-life of the city makes for

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THE GREATEST challenge from a small, under-developed country with a lot of money in its petroleum. What will truly determine the success or failure of the country's aspirations is to do what is needed.

This statement, made by a Venezuelan businessman at a recent conference—goes to the heart of the country's aspirations. It is the core of the complicated monetary reserves that were, at the end of 1974, just \$600m. manipulated successfully if below those of the U.K. And Venezuela is to be transformed with luck, the country should

continue to earn substantial sums of petrodollars in the years to come.

All of this, however, will mean little if the Government cannot translate prodigious amounts of capital into real benefits for the nation's 12.5m. people. The administration of President Carlos Andrés Pérez has designed the most grandiose plans for social and economic development in the republic's 154 years of independent existence.

Blueprints for industrial and commercial growth over the next four years have been drawn up and some aspects have already been put into motion. The State, as the grand architect and financier of Venezuelan development, plans to spend billions of dollars on a broad range of programmes that will create the need for an army of new workers, the great majority of them skilled. Estimating the precise number of jobs that will be generated is an exercise in divination, but the scope of a few Government programmes will provide a general idea.

In the country's south-east Guayan region, for example, Government outlays directed at expanding steel and aluminum production are expected to result in 28,000 new factory jobs and an equal number in associated service industries over the next two years. Government economists, predicting double-digit growth rates in manufacturing, say that this sector will generate 30,000 to 40,000 new jobs per year, while similar expansion in construction, electrical power, water, banking, commerce and other services should provide thousands more.

State plans for development of the Venezuelan automobile and petrochemical industries, in line with Andean Pact guidelines, call for over 50,000 new jobs directly within these areas during 1980-85, and a considerably larger number as a result of the multiplier effect.

The giant Venezuelan petroleum industry, now the responsibility of the Government, has seen its workforce decrease from the peak of 45,000 in 1967 to about 23,000. Although oil is the country's biggest source of income, it is a highly capital-intensive industry and will probably continue to be so in the future. However, the average age of the petroleum industry worker is 41 and the country must be able to supply new, highly-qualified technical employees as vacancies occur.

Government estimates say that the nationalised industry will need about 3,200 university graduates over the next five years, most of them engineers in a broad range of specialties.

Another important area which will provide job opportunities is the Public Works Ministry, the biggest employer in the government. This ministry alone created some 370,000 posts between 1960 and 1973, and is now actively seeking engineers from other Latin American countries in order to carry out its broad range of construction activities.

Nearly all of these job-producing areas will demand employees with considerable skills, and the country is already short of the qualified personnel it needs. Local universities turn out only a handful of petroleum engineers, other types of engineers and technicians are in short supply and experienced middle and upper level management personnel often command astronomical salaries since there are never enough to satisfy the executive market.

Mr. Lopez Gil believes, however, that the experiences gained by Venezuelans in other countries will be applied to the nation's development problems in a useful manner. He also praised the complementary programme now in its initial stages by which trained professionals will be imported.

One American educator said he was impressed by the academic quality and high motivation of the students who have been selected for the scholarship plan. He said that some U.S. universities, which at first indicated that Venezuelans would not be able to cope with their academic requirements, later admitted that only a few of them would fail.

Within the framework of general employment issues, Venezuelan Government statistics—which are sometimes superficial—indicate that unemployment in the nation lies somewhere between 3.8 and 4.5 per cent, or close to the rates reported for Argentina, Chile, Ecuador, Mexico and Peru.

In many important learning areas, specialised education and advanced training do not exist in Venezuela. While the automobile industry, banking and insurance firms have traditionally developed their own training programmes, most other sectors of commerce and industry have no such facilities. Furthermore, Venezuelan universities generally do not offer undergraduate and graduate level courses in a number of specialised subjects. If these courses in the "employed" category are available, their annual turnout of professionals is far below the country's requirements.

In view of this predicament, two or more unremunerative

VENEZUELA XVI

Venezuela's rapid development depends to a large extent on filling gaps in the labour force. There is a desperate shortage of skilled workers and of graduates, particularly engineers. Training programmes are being expanded and students are being sent to universities and technical centres in other countries.

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the government is seeking to enlarge its pool of specialised talent in two ways: importing considered a member of the circle must be broken by trained technicians and administrators from abroad and sending Venezuelan students to universities and technical centres in other countries.

Importing educated and experienced personnel will be directed at improving wages for that surround Caracas in large Venezuelan cities. individuals, who left these actions have drawn heavy fire from the private sector. Last year, the President decreed a minimum wage of \$3.49 per worker, the first time that a wage floor had been introduced on a nationwide scale. At the same time, he ordered an across-the-board wage increase varying from 5 to 25 per cent. for all employees earning less than \$1,160 per month.

Seeking to create large numbers of jobs quickly, other Presidential decrees ordered that all rest rooms in public buildings be manned by permanent attendants and that all elevators in commercial establishments be supplied with operators, even if automatic systems were in operation. Furthermore, in an attempt to create some 100,000 jobs on a broad scale, President Perez this year announced Decree 877, which will require all commercial enterprises with ten or more employees to increase their personnel by 5 per cent. as of May 1975.

Businessmen reacted indignantly to these measures, asserting that wage increases would only accelerate the pace of inflation and that "artificial employment" would only serve to damage productivity, raise costs still further and dampen economic growth. Other Presidential decrees last year placed a 90-day freeze on the prices of all goods and services, set permanent controls on the prices of "basic" goods and reformed Venezuelan Labour Law so that firing employees could almost never be done unless the workers received double the amount of accumulated severance pay benefits due from his employer. This sum would be a substantial one for employees with several years of service.

The Government defended its price controls and wage increase order in the light of a 1974 inflation rate that was several times higher than that of preceding years, maintaining that the income groups which could least afford to see their purchasing power eroded were bearing the brunt of new inflationary pressures.

Perez Administration officials did, however, concede that new jobs for elevator operators and rest room attendants were only a stop-gap measure, and that long-term productive employment must be created through selective Government and private investment.

But even the employment boom that is expected to occur in several labour-intensive industries over the next few years is itself being retarded by the country's manpower limitations. In Guayana, where thousands of jobs are associated with each step of the development of steel, aluminum, hydroelectric and other State-financed projects, construction companies cannot build the great numbers of housing units which are required because labourers and skilled

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VENEZUELA XVII

Agriculture, a much neglected sector of the economy, is at long last receiving some serious attention in the form of aid programmes. But there are many problems—not least the climate and the depressed state of rural areas.

Agriculture

LRECENTLY agriculture seen the idler child of the Venezuelan economy. Previous governments found it content to use part of the country's petroleum income for fitting a broad range of rural products, while fitting domestic production to the Perez Adminis-

tration came to power in 1974, the country was importing 19 per cent of its food requirements, local production fallen below the rate of 10 per cent for the next four years, even he had imagined.

Agricultural development from 1969 to 1973 crept along at a profitable enterprise for most of the businessmen involved, as the average rate of 1.9 per cent per annum, while the population of the Government hopes, higher food prices at all levels are inevitable. Members of the Perez Administration have done little to convince people to move back to their rural producers should not be forced to subsidise urban consumers by receiving low prices for their goods, but Government planners are fearful of the political consequences of still higher food prices.

Practically no one in Venezuela doubts that the Government is sincere in its desire to see agriculture become a profitable and productive industry, but a number of agricultural experts and businessmen say that official policy is seriously deficient in some key areas:

Agrarian reform, for example, has already claimed about 267,000 hectares of land for small farmer and co-operatives. The goal by 1979 is to incorporate 900,000 hectares into reform programmes. Critics claim that much of the land being absorbed by the Government is productive farmland already in the hands of experienced growers.

Smaller

Agrarian reform will divide this land into smaller, less efficient plots, they say, turning it over to small farmers and thus eliminating part of the country's productive capacity.

Only about 5 per cent of Venezuela's arable land is now being used, and three-quarters of that is devoted to pasture.

Domestic beef consumption in Venezuela reached about 1.4m. head last year, and about 300,000 head were imported to cover the

shortage. The Government, that home-grown maize flour is—equally good for their children and the country's balance of payments.

Some 200 farmers recently met President Perez for two days and complained bitterly about various aspects of the Government's farm programme. They warned that production will never reach projected goals as long as guaranteed prices are held back to unprofitably low levels, while the cost of farm implements simultaneously continues to rise. (Tractors alone have gone up by 300 per cent in price over the past few years.)

President Perez responded by raising minimum prices to producers by about \$23 per ton for maize, sorghum and oilseeds, all of which are important domestic products that must still be imported. He also rolled back prices of farm tractors by an average of 30 per cent and told farmers that reforming fertilisers are brought from Colombia illegally.

Profitable

The Government has asserted it wants agriculture to be a profitable venture for businessmen, but up to now has attempted to spur production through injections of capital while simultaneously trying to halt rising food prices, a subsidy last year, which cost over \$300m.

It is in spite of price controls and producer and consumer levels that most important agricultural products, and warnings to businessmen who say that action will be held in check as prices are set artificially, the sector is moving at a reasonable pace.

Statistics indicate that agricultural output grew by 6.7 per cent last year, and the State using Ministry predicts an

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Typical terrace cultivation in the Andes.

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Local cattlemen were not happy, however, when the Colombians sent a high percentage of beef cattle and only limited numbers of breeders, which the Venezuelans said were low-quality stock. Both sides charged that the agreement was being violated by the other party, and the Agriculture Ministers from both countries met in Caracas recently in an attempt to smooth out differences.

René Dumont, the French agricultural expert, studied Venezuelan agriculture earlier this year and concluded that the Government's plans for an annual rate of more than 10 per cent "were completely out of reach." He also said that food prices must be allowed to rise and that little of the Government's investment in agriculture had in the past reached rural areas. "Venezuela must give real priority to agricultural development," he warned, "not just a verbal commitment."

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VENEZUELA XVIII

Caracas is a place of contrasts. The central area is a modern, prosperous city, but it is ringed by thousands of slum dwellings. Under the direction of Governor Diego Arria, some progress is being made in relieving the situation, but huge problems remain.

Caracas . . .

THE CAPITAL of Venezuela is really two distinct cities. It is the city of new office buildings, luxury gift shops, broad expressways, luxurious restaurants and costly imported automobiles.

But for 40 per cent. of Caracas' nearly 3m. residents, the city means the thousands of tin and brick slums that ring the central area, unpaved streets, no sanitary facilities and an alarmingly high crime rate.

The unprecedented flow of petrodollars into Venezuela's national Treasury has not been able to close the gap perceptibly between the highly conspicuous consumers of the capital's middle and upper classes and the haggard urban poverty that is constantly visible on the hills surrounding Caracas.

But Sr. Diego Arria, the energetic Governor of the Federal District, a political division which includes most of the Caracas metropolitan area, has already brought some striking changes to the sprawling capital and is working with the national Government to find solutions to the city's basic problems.

Since taking office 21 months ago, Governor Arria—who was appointed by President Pérez and holds Cabinet rank—has inspired a spate of alternations in Caracas' life-style: he has ordered new parks to be built, has closed off a number of downtown streets to traffic, bared painters to hide urban ugliness and old political slogans with attractive designs, generally has cleaned up the city and has sought to control the capital's chaotic traffic situation.

Different

The central city is noticeably different from what it was before Governor Arria took over, but the problems he faces are gargantuan. The approximately 180,000 slum dwellings that ring Caracas—called "ranchos" by Venezuelans—lack fundamental services such as transportation, running water, sewers and police protection. In conjunction with the national Government and the neighbouring State of Miranda, the Federal District Governor is financing the construction of basic public works in poor neighbourhoods. These areas often have electric power but little else.

In addition, the Government has set up a network of local health centres and popular markets where poor Venezuelans can buy basic foodstuffs at subsidised prices, and has beefed up police patrols in areas where residents have been at the mercy of criminals. Local thugs in many parts of the city, for

example, made a handsome profit by charging "tolls" for safe passage: if a slum dweller wanted to walk through a certain part of his "barrio" (neighbourhood), he or she would have to pay the toll.

The accumulation of garbage

on the hills surrounding Caracas

has presented a serious health

problem, complicated by the

fact that narrow alleyways and

steep ascents would not permit

the entry of garbage trucks and

normal sanitation teams. At

first, the Governor sent out

teams of individual garbage col-

lectors to pick up what they

could, but soon found that this

would not solve the problem.

Now the Federal District offers

to buy garbage from slum resi-

dents who ordinarily throw re-

fuse out of the window and al-

low it to accumulate on the

sides of the city's many hills.

Sanitation trucks arrive at de-

signated locations and pay local

inhabitants about 25 cents

(U.S.) for 25 kg. of refuse.

In addition, the Government has

sent in tractors and other heavy

equipment to clean up the tons

of trash and garbage that has

been thrown into ravines.

People living on the hills also

face the possibility of death and

severe injury when heavy rains

wash away homes, and land-

slides carry away hundreds of

shanties every year. Governor

Arria's office now evacuates resi-

dents of areas that are threat-

ened by land and mud-slides and

places them in crowded but safe

relocation centres. According

to the Governor, last year alone,

the local government relo-

cated some 10,000 families, send

ing some to less populated

sectors of the country and seek-

ing to find jobs for as many as

possible.

The lure of the city, however, is a central problem. As long as rural dwellers leave their homes to find jobs in the cities—especially Caracas—popula-

tion pressures will remain

severe. The main hope for

easing the strain on local

authorities will be the national

Government's plan for

strengthening industry and

agriculture in under-populated

areas. The Government has

committed a significant portion

of its new oil revenues to the

creation of a self-sufficient agri-

cultural economy. And by

making farming and cattle rais-

ing more profitable, the Perez

Administration hopes both to

keep people in rural Venezuela

and to draw some of the urban

overflow to the country, where

there is a serious labour

shortage.

More attractive than farm

jobs, though, are the industrial

positions that are opening up

as firms are forced to move

from congested metropolitan

areas and as new companies

establish plants outside the big

cities. Although problems of

IF DANTE were writing "The situation will become much

inferno" to-day, he surely grimmer before any im-

provement would be made.

How did Caracas arrive at

such a point? In general, the

answer lies with the exponential

increase in the transport

demands of a burgeoning urban

population, imposed on a city

with streets built for 19th

century vehicles. In addition,

Caracas suffers from "auto

indigestion" brought about by

Venezuelans' seemingly insatiable

appetite to buy cars.

Transportation in metro-

politan Caracas to-day is often

a hellish experience that offers

the average citizen a gamut of

experiences ranging from

muddy offensives to downright

intolerable with the scale

definitely tipped toward the

latter. Rush-hour traffic jams,

buses filled to overflowing,

acute shortages of taxis and

popular jitneys (called "por

puestos" in Venezuela), feck-

less Government attempts at

traffic control, omnipresent

clouds of thick, diesel smoke,

reckless drivers, long waits,

frustration . . . these are un-

fortunately common experien-

ces in Venezuela's capital.

Transportation specialists point to

a number of problems that

must be confronted:

● Caracas already has far too

many vehicles. This becomes

patently clear on workdays and

holidays, when most of these

machines try to squeeze on to

the area's 1,240 km. of streets

and expressways.

● Despite the fact that there

are "too many" buses, trucks

and automobiles to move com-

fortably along the city's main

traffic routes during rush hours,

there is simultaneously a short-

age of buses and jitneys for the

majority of working people who

ordinarily use public transport.

Thousands of weary commuters

are compelled to spend long

hours queuing up every day to

ride buses and jitneys back and

forth to work.

● Although Venezuela has con-

structed one of the finest

highway systems in Latin

America, the streets in the

capital are a confusing mass of

unconnected, narrow and

roundabout passages. An

important artery from the centre

of the city called Avenida

Liberator, for example, simply

goes dead at the end in a residen-

tial district outside the downtown

area.

● Erratic law enforcement and

a general disrespect for traffic

laws combine to create an

almost perpetually chaotic situa-

tion. Speeding, night-jumping,

reckless driving and lane

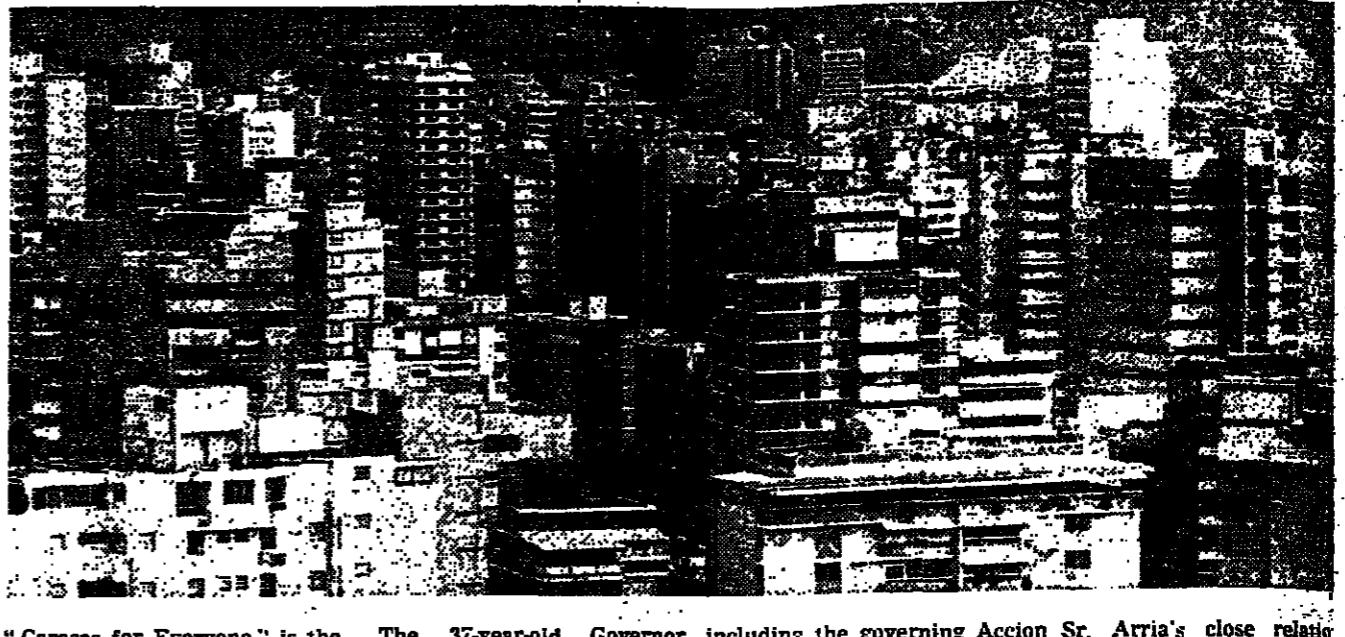
switching are common occur-

rences. And when an accident

occurs—no matter how minor—



Rich and poor in Caracas. Above: slum buildings on the outskirts of the city; below, modern buildings in the centre.



"Caracas for Everyone" is the motto that adorns hundreds of new litter containers in the downtown area, and the new fleet of ambulances bought by the Governor for Everyone, including the governing Accion Democratica Party. The Governor recently that the growth of citizen interest and participation in local affairs is one of the most significant developments that has occurred since he took office. "People in the city now have greater rights and a greater sense of civic duty. And to tell the popular official about their street or problems with their children. Often, Sr. Arria will pick up one of his half-dozen desk telephones, bark an order to some unseen functionary and tell his visitor that he will be attended to.

The Governor has opened his office to regular audiences with Caracas citizens, who line up from 6 a.m. until early evening to tell the popular official about their problems. Besides, they now know whom to call if something goes wrong. They know whom to blame, even if it's me."

But the Governor is not without his critics. Since he is not

VENEZUELA XIX

Venezuela's educational crisis will require more than just a splash of petrodollars to resolve. The success of the Government's attempts at a "revolution in education" is likely to depend more on political decision than on economic resources.

Education

IN AN INDIRECT way of 18, it is hardly surprising Venezuela's educational plans that as many as 3.5m people are related to its new economic resources: the country has the money but lacks the people to construct a developed industrial society. The problems of finding qualified personnel are described elsewhere in this Survey, but it is apparent that the country's universities and institutions of higher education must mobilise themselves to provide the scientists, technicians, economists and administrators capable of operating the largely nationalised oil, iron ore, steel, petrochemical and aluminium industries.

Yet the main thrust of the "Revolution in Education" is to provide better education for more children at the pre-school, primary and secondary levels. And to achieve this, the Ministry of Education is not only revising its own teaching methods radically, but it is also having to look beyond the classrooms to the basic socio-economic conditions that often determine a child's performance at school.

In a country where more than 50 per cent of the 12m inhabitants are below the age of 15, the Government's programme of building more schools—there is a deficit of

15,000 classrooms this year—is therefore being complemented by socio-economic assistance through scholarships for primary and secondary schools, discounts for school uniforms and food and milk distribution. The free milk programme now involves more than 500,000 children each day, probably unique in Latin America outside Cuba.

Among the population at large, pre-school education is still almost unknown. The percentage of private education at this age—28.8 per cent, against only 15.9 per cent for the entire school system—underlines how urban upper and middle-class children have so far been the main beneficiaries of schooling below the age of six. But by training local women to run day-care centres in towns and villages and urban slums, the Government is hoping to increase the number of pre-school attendants from about 272,000 today to 750,000

in 1980. And by using the pre-school period to prepare both child and parents for later schooling, the Government hopes that the drop-out rate from primary and secondary school will fall.

Problems

The present aim—experimental courses are beginning in these new schools—is the responsibility of the Ministry of Public Works, but even if the financial resources were available, there are simply not enough building companies or material in the country to carry out the massive programme needed. Similarly, at least a decade will be necessary for a generation of qualified teachers to reach many of these schools. The decision to resolve the school curricula can be executed more quickly, and secondary school this year already plans are going ahead against 2,052,421 in primary schools reflects just how few students are enjoying a continuous period of education.

But the problems faced by these medium educational levels—lack of schools, shortage of qualified teachers, out-dated techniques, inadequate textbooks and insufficient socio-economic support—are not easily resolved by the huge budget of \$1238m. that the Ministry of Education controls this year. The construction of new schools is the responsibility of the Ministry of Public Works, but even if the financial resources were available, there are simply not enough building companies or material in the country to carry out the massive programme needed. Similarly, at least a decade will be necessary for a generation of qualified teachers to reach many of these schools. The decision to revise the school curricula can be executed more quickly, and secondary school this year already plans are going ahead against 2,052,421 in primary schools reflects just how few students are enjoying a continuous period of education.

Part-time

The search for a solution to the demands for higher education is leading the Government towards studying various formulae of part-time adult education. Britain's Open University is one model being considered, while others would involve self-education centres equipped with closed-circuit television, cassette tape systems and libraries. Many of these experiments are currently being carried out at the Simon Rodriguez University in Caracas, which at present has only about 7,000 students but may eventually produce models of higher education to be adopted throughout the country.

The fact that this topic is now being discussed reflects the fresh air being blown through the educational system after several years of neglect. The objectives of schooling are being re-thought and the techniques are being revised. The shortage of skilled human resources is already acute throughout the economy and it may become more so before the impact of the current reforms is felt. But the fact that the Government has opted for reorganising the entire system rather than seeking solution through economic palliatives is reason for encouragement.

J. A. M.

Traffic

CONTINUED FROM PREVIOUS PAGE

While underground work is traffic laws and demanding going on over the next few strict enforcement. The Government has already launched a surface will be exacerbated publicity campaign on radio, since main streets in downtown television and in cinemas where Caracas will have to be closed temporarily while tunnelling work is under way. As a tunnel is being dug, a street is torn up and covered with a temporary pavement of timbers or metal until subterranean work is completed. Not only is digging required in this type of operation, but work crews must also relocate telephone, electric, water and gas lines located in the area of the tunnel.

At present the Metro is Caracas' long-term answer to traffic congestion. But statistics from the Public Works Ministry indicate that it will be no magic solution: by the time it is completed in the next decade, the subway system will be able to absorb only about 10-15 per cent. of the city's traffic. Caracas' highways will still be brimming with private cars, taxis, buses and motorcycles, since the population will have increased by over 1m, according to Government statistics.

In order to meet immediate and short-term transport needs, though, the Federal District Government, under Governor Diego Arria, has turned to conventional methods of increasing the volume and efficiency of surface transit. The main effort has been directed to acquiring almost 2,000 new buses for the capital area, most of them British Leyland buses and Ikarus coaches from Hungary. Governor Arria has also sought to control the traffic flow by hiring more policemen, demanding stricter vigilance of motor vehicle violations, prohibiting parking in downtown areas and setting up special lanes for buses.

The new buses, though, while improving the lot of hundreds of thousands of working Venezuelans, are adding even more vehicles to already heavy downtown traffic. And in general, a lack of compliance with traffic regulations, outward defiance of norms by some Government vehicles and irregular vigilance by police have mitigated the effect of the new measures.

Measures

As one Government worker said: "Around here, most people look upon traffic laws as a joke. Behind the wheel of a car, Caracas drivers think that they're a combination of Simon Bolívar (the Venezuelan Liberator) and James Bond."

Government technicians and experts from the private sector have recommended a number of measures to cut down on rush-hour traffic jams. Among them are:

- Eliminating the traditional two to three hour lunch break and instituting a 9 a.m. to 3 p.m. work schedule—or a variant of this—with a half-hour lunch break.
- Rearranging bus routes and schedules; co-ordinating traffic lights.
- Co-ordinating the present overlapping activities of the numerous Government agencies involved in transport and traffic control.
- Making people aware of



People are the best of Venezuela.

You should meet them.



People like you.

Like your neighbour.

Like your friends.

Happy, charming people.

Working, hard to build up a great country.

Friendly, generous people, and optimistic

People that have faith in its present and

in its future.

This is the wonderful people to be found

by those who visit us.

That's why you will love Venezuela.

Because we know how to be friendly.

Venezuela

the south american country in the caribbean

J. A. M.

Chile 1970

VENEZUELA XX

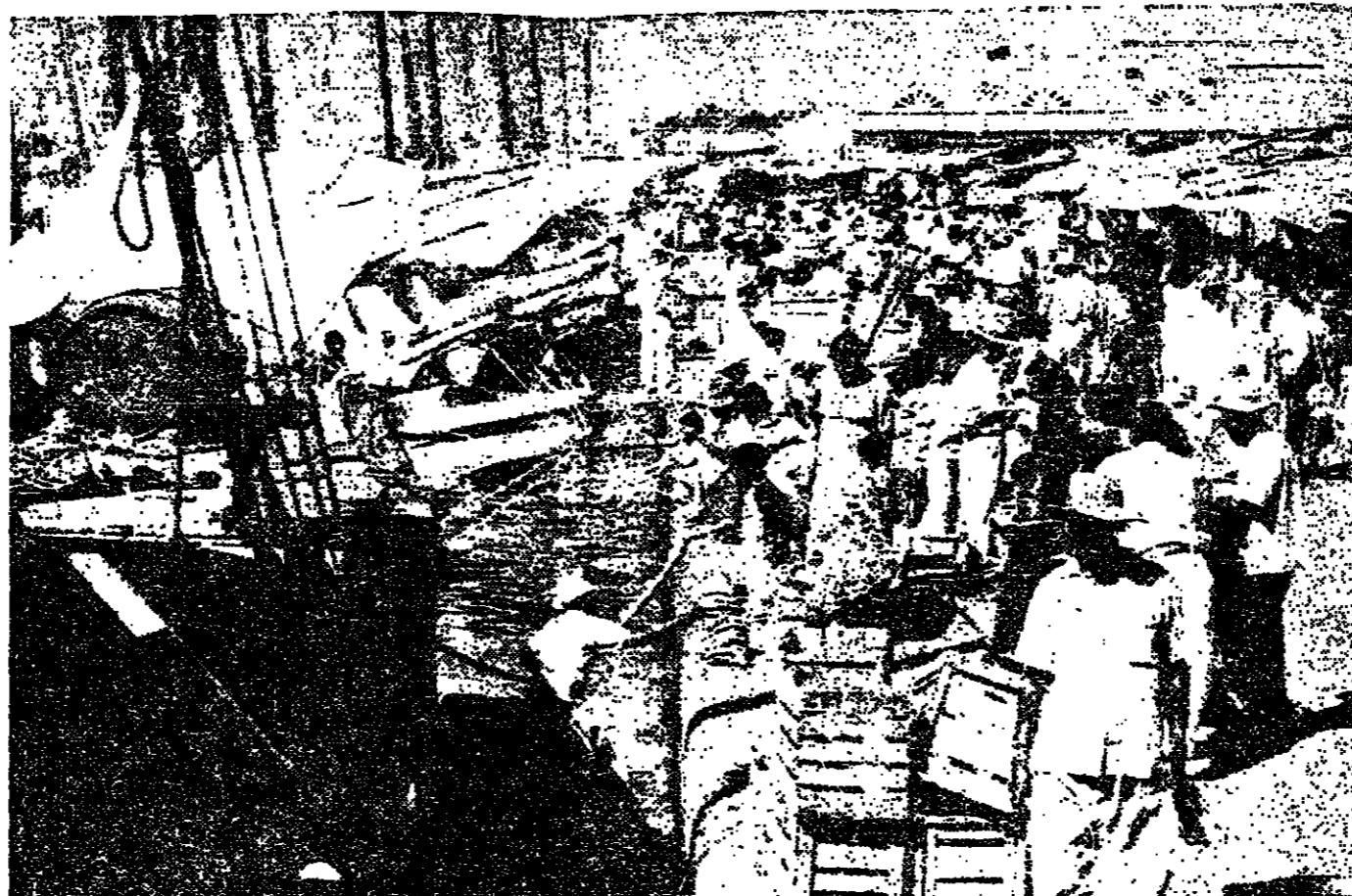
To oil-rich Venezuela tourism is of minimal significance as a provider of foreign exchange. While not actively discouraging visitors, the country's administrators prefer to see any development as part of broader objectives in the less affluent regions.

IN PRESIDENT Perez's 76S objectives such as decentralisation annual report to Congress on regional development, this year, just 21 lines were dedicated to tourism. Evidently, income and protection of the view that tourism is the environment. We cannot price that poor countries must separate national and foreign pay for foreign exchange must be won out. The recent order that all foreign visitors must go to the bother of acquiring a visa at a Venezuelan consulate prior to arrival is just one sign that the country is not desperate for tourists, while the long sticks delay involved in passing through health, migration and customs formalities at the Maiquetia International Airport only further illustrates Venezuela's view that it can afford to do without tourism.

To be fair, the attitude of the Government and people is not xenophobic—or even chauvinistic. Rather is it one of realistic recognition that any major effort to attract foreign tourists will inevitably result in a distortion of economic development and cultural values. The nearby example of foreign tourist "ghettos" such as Acapulco and Montego Bay, in Mexico and the Caribbean, has been enough to lead Venezuela to question the accepted premise that foreign tourism is good for developing nations.

Yet tourism as such has not been rejected. The tradition in Venezuela and the rest of Latin America is that the middle and upper classes get to know the U.S. and Europe long before they visit the interior of their own countries. The Government's policy is therefore to stimulate internal tourism, partly as a way of saving some foreign exchange, but mainly to use tourism to bring economic activity and jobs to remote coastal, jungle and mountain regions. During the past two years, most propaganda of the Tourism Corporation (Corporacion Turistica) has been aimed at Venezuelans.

"Tourism is not an end in itself," Sr. Frank Briceño, President of Corporacion Turistica, said in an interview. "This Government sees tourism as a means of achieving its broader and luxury projects. Corpo-



A quayside market at Maracaibo.

Desperate

In fact, rather than becoming directly involved in hotel construction, the regime is trying to resolve the problem of the ten hotels it owns and runs through the Conahotu organisation. Built in the fifties and during the dictatorship of General Perez Jimenez, the hotels are desperate for new management and remodelling and are pushing Conahotu ever deeper into the red.

Ideally, the Government would like to sell off the hotels, which have a total of 800 rooms, but no buyers have come forward. Instead, the alternative plan being followed is to allow international or national hotel chains to administer the hotels while the Government remains the formal owner. Both Inter-Continental and Sheraton have shown interest in taking over the operations and some solution in the Conahotu problem seems imminent.

Given the needlessness of Venezuelans for big spending on luxury projects, Corpo-

Turismo's projects in the provinces are surprisingly modest, thus for the first involving 31 different hotels, time stimulating basic tourist development on a broad front. The number of foreign visitors has also been growing rapidly, although statistics do not distinguish between real business, 52 per cent, were Americans, 8.1 per cent, Colombians, 5.1 per cent, and just 3 per cent, Britons.

The fact that there is only a slight increase in the monthly rate of foreign visitors during the winter season is probably the clearest indication that most "tourists" are, in fact, businesspeople. One large Caracas hotel, in fact, calculated recently that 68 per cent of its clientele were businesspeople.

As Venezuelan development gains momentum and growing numbers of foreign bankers and industrialists are attracted by business prospects here, this trend will become more apparent. But at the same time, the hotel room deficit in the capital will become even more

critical. Almost nightly, the ordinary scenery, one of reception desks of the main joys of Canaima is the setting in which visitors are few days, an attraction would be more eliminated by any further development of the area for foreign tourism.

In sharp contrast to this "World in the tropical" east is the colonial atmosphere of the Andean regions in Merida in the west, where capped mountains and lakes offer a welcome from the heat of the rest country. And between jungles and the more stretch the great plains cowboy land of Venezuela, setting for the novel "Barbara" by the country's known novelist, Gallegos. In these "Caraqueños" residents of Caracas are still as foreigners.

Interior

But in the next few Caraqueños and other dwellers will be looking inly to the interior, not because this is where the development is taking place where the tourist potential is still as much as a trip to Paris.

For tourists—as well as for most Venezuelans—the rest of the country is still largely undiscovered. The traditional tourist spots are the island of Margarita, where locals are attracted by the free port as well as by the beaches and colonial towns, and the nearby resort of Macuto. But after that, the country is still very much of an adventure, more suited for individuals than package tours.

Venezuela is in fact a microcosm of Latin America: it has Caribbean beaches, Amazonian jungles and Andean mountains. The two domestic airlines, Avensa and Aeropostal, are expanding their internal routes, but many spots are still only reachable by light aircraft or second-class buses. Perhaps the most dramatic trip is to the Amazonian jungle camp at Canaima—served by Avensa—which combines with an aerial "visit" to the Angel Falls, the highest and perhaps most distinctive waterfall in the world. Beyond the extra-

For the foreign-parties American tourist, this may be frustrating. Most won't speak to him in English, won't stop to him in his way, restaurants make concessions to his eating habits. But from Venezuelan point of view luxury of not having scrabbled around for the exchange brought by tourists not to be under-estimated. In the long run, Venezuela even develop its own style of tourism which foreigners be anxious to share as search for something more distinctive than a hot dog pizza.

Surprising Melia Hotels... what will they dream up next?

In Venezuela,
a new and more exciting
Caribbean "Island," the

hotel
Melia  **Caribe**

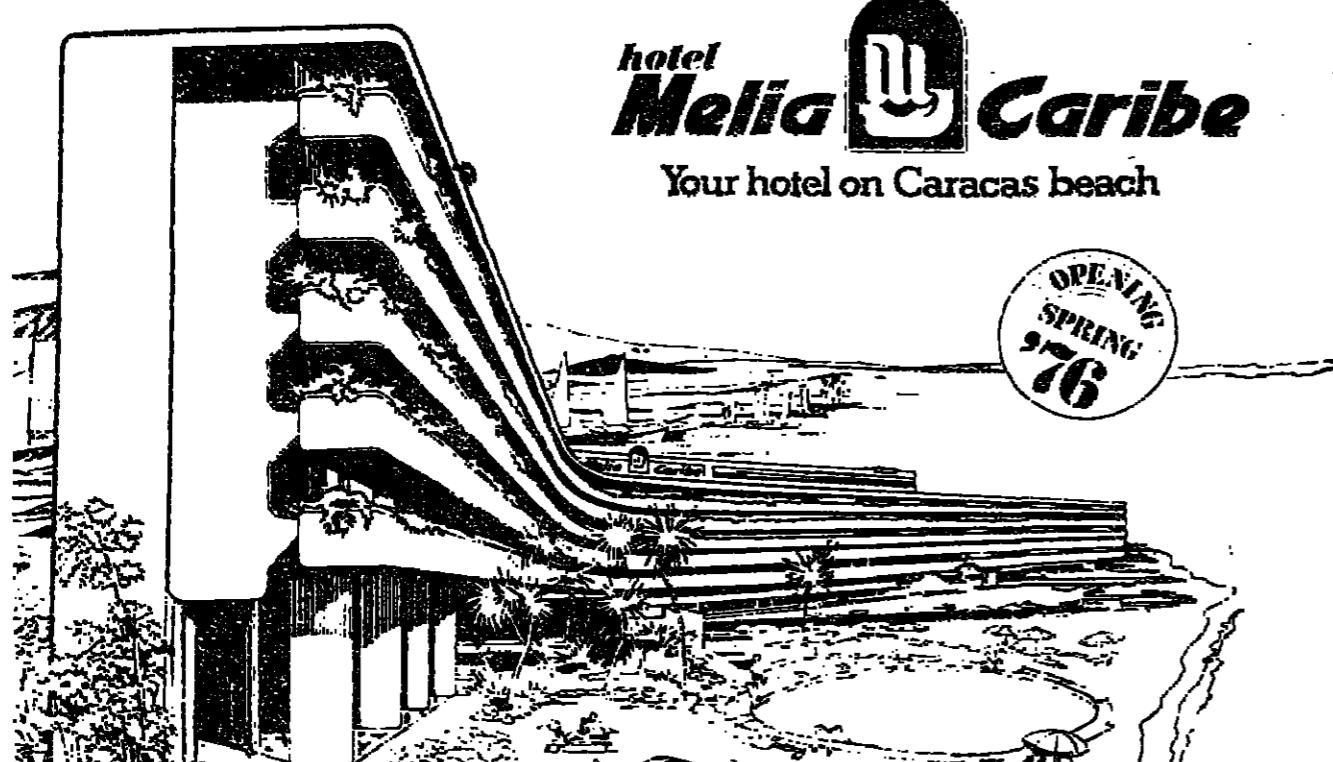
Your hotel on Caracas beach

OPENING
SPRING
76

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CARACAS
FOR ALL

Gobernación del Distrito Federal

The ups and downs of the season's Flat

BY MICHAEL THOMPSON-NOEL

THE exception of Lady Beaverbrook's spending and his exploits, the world bloodstock sales has probably now inched past £4m. It was a rough and but she recuperated a part of that. The opening weeks were dominated by the bitter Newmarket stable and its Lilliputian sales; the closing weeks this summer when Bustino, her best horse to date, was syndicated at £600,000 after losing by only half a length to Grundy at Ascot. "If she'd been less patriotic," says the British Bloodstock Agency, "she might have insisted on £1m. for Bustino by selling him abroad."

It really saved the day-owned but Berkhamsted, Grundy is a very good horse. He won the and Irish Derbys in

style, and, although usually paraded through the department of Trade, effectively into State in which the Horserace Levy Board (a subsidiary of the Home Office) 5 per cent. of him for

the people's horse, in the £81,910 King

7 and Queen Elizabeth Stakes at Ascot and transferred to Newmarket, the frivilities and of the National Stud, he does his national property, his earnings next 17 years could

start of the National season, papers and d. produce a list of 12 follow: Tattersalls' big autumn sales have seen a revival of price levels after the collapse last year, but the company says 80 per cent. by value of the yearlings bought this autumn were bought for export, compared with about 50 per cent. in 1973, when sterling was stronger and English buyers were still waving the flag.

Chris Collins, at 35 the youngest member of the Jockey Club and president of the Racehorse Owners' Association. Mr. Collins is still playing himself in at the ROA, but will undoubtedly light the fireworks at the owners' big meeting in London this week. The recession, and particularly the property collapse, has driven scores of owners out of racing, while those that are left feel less and less inclined to subsidise a sport that yields £100m. plus a year in betting tax yet costs them the earth.

Bill Davies, the blunt-speaking chairman of Liver-



Record price

Lady Beaverbrook is known to be severely unamused by the 8 per cent. VAT charge on bloodstock purchases, but is still producing her cheque book. She is thought to be the leading light behind Dayspring, a new company which paid a European record of 202,000 gns. at Newmarket three weeks ago for a colt by Mill Reef.

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Bill Davies, the blunt-speaking chairman of Liver-

pool's Walton Commercial Group, who must be feeling of the Exchequer. With the rest passed on to betting, he is perfectly tiring of racing and its troubles, but they have not gone away. The racing and bloodstock industries would like Mr. Healey to abolish the VAT on bloodstock sales, trim the betting tax from 7.5 per cent. to 6.5 per cent. and give them some safeguards against the expected ravages of Capital Transfer Tax.

Turnover

Off-course horse racing betting turnover this year will be around £1.3bn. Expenditure (or losses), however, will be only £250m. of which £100m. will go in betting. Two sides have broken down, leaving Mr. Davies, for the present, in an unenviable position. The asking price for requested 1 per cent. tax cut could be reflamed into racing.

4—Denis Healey, Chancellor with the rest passed on to betting, he is perfectly tiring of racing and its troubles, but they have not gone away. The racing and bloodstock industries would like Mr. Healey to abolish the VAT on bloodstock sales, trim the betting tax from 7.5 per cent. to 6.5 per cent. and give them some safeguards against the expected ravages of Capital Transfer Tax.

5—Lord Leverhulme, senior steward of the Jockey Club.

6—Lord Leverhulme is an amiable man, but over the past six months the Jockey Club has

appeared more and more irrelevant. It enjoys diminishing power and increasingly less prestige, so that pressure groups

like the British Racing Indus-

try have come to the right door.

7—Sir Desmond Plummer,

chairman of the Betting Levy Board, who has the difficult task of dispensing the Levy Board's

tiny annual income (around £3m.) in a way that pleases

everyone. He earned consider-

able respect in July by

announcing a £1m. plus boost to the new minimum consolidated Newmarket wage of £37

per week.

8—Lord Leverhulme, senior steward of the Jockey Club.

9—Cyril Stein, chairman of the Ladbrokes Group, Ladbrokes

district officer of the

Transport and General Workers' Union, which in May initiated a three-month-long strike at Newmarket over stable lads' pay.

10—Peter Walwyn, Grundy's

trainer, who raced to the top of his profession this summer

with total European price

money earnings, both win and place, of £633,381. He is

such a total professional

that he has probably rechecked the

51p. When you can train race-

horses like Mr. Walwyn trains

races, the richest men in the

world come humbly to your

door.

11—Dunmire Wiggin, the Financial Times tipster. Has had a so-so season, finishing 14th out of 22 in the Sporting Life table for an overall loss (to daily £1 stakes) of £30,615. He was virtually inconsolable when Mon Legionnaire, at 33-1, lost at Epsom not by a length but the width of a whisker. In any case, this has been a great benefit to the bookies: only three of the 22 tipsters in the table showed a profit. Mr. Wiggin may have lost £30. But "Cayton" of the Morning Star truly led the brothers astray: he mislaid £55,78. And bottom-of-the-table "Tempie" of the Sun lost £64,524.

Letters to the Editor

Standard rate

TAX

Mr. C. Beattie, QC.

that no Parliament will

permit the folly of exempt-

income of companies

while leaving "income

and others, in-

dividend income, liable

exemptions always

tax avoidance by people

to bring themselves

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for them. The wider the

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exemption.

ing bodies have so readily agreed to them, an acceptance it is the more surprising when it is remembered how committed was the support of both parties to the Accounting Standards Committee's entirely different inflation accounting proposals some 18 months ago.

The profession has shown no particular enthusiasm at this vote.

It is not as if the arguments adduced by Sandlands in favour of its own brand of replacement accounting are logically incoherent. Let us take one example.

The砂山 (page 222) that in most cases a good measure of the value to the business of an asset is company's own purchase price. A moment's thought, however,

will tell us that the proper measure of such value is either what the asset could be sold for or what the company reckons the asset will earn for it if retained. In other words, to its owner the value of an asset is either its net realisable value or the present value of estimated future net cash flows attributable to it, and its accountant, being a prudent man, would record it in the balance sheet at which ever is the lower (assuming there are two values: in a perfectly competitive market, an asset's sale value would reflect its future cash-generating ability).

There are arguments in favour of replacement cost as a basis of asset valuation: "value to the business" is not one of them. But if this is the valuation concept most favoured by business and academics, then the accounting bodies would do well to look more closely at "continuously" contemporary accounting" (or COCOA) as proposed by Sandlands.

Accountants should not defer to the views of the Sandlands Committee, simply to settle the current uncertainty over the best method of accounting for inflation. As Lex suggested in another context, there is no reason why the effects of inflation on corporate profitability and liquidity cannot be shown in summary form in companies' annual accounts, while the "great debate" proceeds.

Ron Scott, Divisional Director, Division of Industrial and Human Relations, Inbucor/AIC Management Consultants, Preston House, 302-308 Preston Road, Horow, Kent.

T. G. Sutton, Westpoint, Shorlins Green, Bromley, Kent.

Mr. Beattie, QC, 41 Buildings, Mr. Inn, W.C.2.

time to talk earnings

Mr. D. Cockburn.

With reference to your

of Sir Keith Joseph's

for industry to educate its

force about the meaning of

it, might I suggest that the

has come to discontinue

use of this emotive word

ings, instead?

d Cockburn,

Mount,

Lane,

ford, Herts.

inflation accounting

Mr. T. Sutton.

It was wishful thinking

the part of Lex (November

to talk of the great inflation

existing debate. It can hardly

be claimed that the Sandlands

Committee's "proposal" have a real problem. If the problem is adequately discussed when

is more able to avoid taxing

The merits of capitalism

From Mr. J. Berriman.

Sir—Professor Heselden's letter (November 10) is most interesting than the conclusions he draws from it. His former student's complaint was that the chemical engineering industry's problems often stem from belligerent unions and incompetent management. Professor Heselden makes the point that it is "not typical" but then goes on to suggest that it is.

The problems encountered by the former student are solved effectively and economically by managers and shop stewards alike. Good practice and good relations unfortunately are not always newsworthy (except to do you credit, sir, on your own Executive Page). It is unfair to mention names, but has the Professor heard of ICI, Bristol Channel Ship Repair, Joseph Lucas, Pilkington, and British Oxygen, all of whom are intensely unionised and well managed?

I would suggest that his student would have benefited more from his own education, having been devoted to the arts and techniques of industrial relations and human relations. Those entering the professions—including medicine—should be aware that we cannot always solve these problems by formulating a code of ethics.

Ron Scott, Divisional Director, Division of Industrial and Human Relations, Inbucor/AIC Management Consultants, Preston House, 302-308 Preston Road, Horow, Kent.

T. G. Sutton, Westpoint, Shorlins Green, Bromley, Kent.

COMPANY NEWS

Makin Paper facing difficult year

FIRST-HALF current year profits of J. and J. Makin Paper Mills are expected to be well down on the second half of 1974-75.

And looking further ahead, and in the absence of any upturn in the economy, the second half is likely to be much more difficult, reports the chairman, Mr. J. R. Pilling.

He assures shareholders that finances are strong and all expenditure is being rigorously controlled.

The associate company is affected considerably by conditions in the motor industry and the 23 per cent. VAT rate on electrical goods. Demand remains unbroken and the company is still operating at a loss.

Mr. Pilling explains that all the mills had been fully employed until well into the summer but the position has now changed fairly dramatically as the recession begins to bite across the board.

In the year ended March 31, 1975, the group made a profit of £574,181 (£390,746), with £245,306 coming in the second half. The dividend is £3914p (£1.30768p) net, as stated on September 27.

Paper making and converting activities accounted for 84 per cent turnover and 93 per cent of trading profit.

Meeting, 5, Belgrave Square, S.W. on November 14 at noon.

been made, this policy has necessarily led to a restriction of capital expenditure, declares Mr. Bates.

The task of planned development and reorganisation, commenced three years ago, has continued and one small activity which was losing money was terminated during the year. The benefits of the reorganisation are now beginning to bear fruit and the group is well placed for a period of steady growth based on this consolidation and for more rapid growth when the appropriate opportunities arise.

Meeting, 5, Belgrave Square, S.W. on November 14 at noon.

Chairman's Statement Page 40

HIGHLIGHTS

The pace of company announcements is picking up speed with several well-known companies featuring in the coming week's list. Later to-day, Metal Box and Associated British Foods are to report on their half-yearly experiences, while third-quarter results are expected from House of Fraser and Commercial Union. The composite insurance theme is taken up again on Tuesday with nine month figures from Royal Insurance and on Wednesday, Woolworths checks in with third-quarter results. Both Beecham and Renold are to produce half-yearly statements on Thursday.

Lighting & Leisure starts well

THE CURRENT year at Lighting and Leisure Industries has started well and the chairman, Mr. N. H. Davis is optimistic that with the added backing of the products of the one-for-one rights issue at par, the company will issue holders' continued support.

He believes that the lighting division will maintain an "excellent" level of growth even though this becomes more difficult as business grows larger. The products of this division have nearly doubled to £22m. in 1972 to £30m. in 1973.

Referring to the rights, he says the proceeds will be available initially to reduce seasonal bank borrowings but more importantly it will increase the capital base to enable the company to grow more quickly by further investment and by acquisition.

As reported on October 29, the group improved its pre-tax profit from £0.8m. to £0.72m. during the year to July 31, 1975. The dividend is 2.3p net paid as an interim but a proposed final of 0.025p was disallowed by the Treasury.

Mr. Davis points out that the leisure division benefited considerably from the "glorious" summer. The division should maintain this benefit this year as the "pipeline" between manufacturer and consumer is clear and no adverse factors "we will be able to reflect this."

A statement of source and application of funds shows a 20.57m. increase in bank balance compared with a decrease of 7.43m.

Sun Alliance mortgage plan

The Sun Alliance and London Insurance Group has launched a new mortgage repayment scheme, the Economic Plus plan designed to provide flexibility in how the Group

amount of mortgage repaid and in the date of repayment. House owners, on average, move at least twice in their working lives, each time this usually involves taking out a higher mortgage with a later repayment date.

The new plan is a flexible with-profits endowment assurance policy maturing at age 65. It has an early maturity date to coincide with the term of the original mortgage. The cover is supplemented by usual decreasing temporary assurance contract. When the borrower moves house, the early maturity date is replaced by the new date to match the term of the fresh mortgage. Since bonuses will then accrue over a longer period, the policy value for mortgage repayment purposes is substantially increased for the same annual premium.

For example, if a household moves with a 25-year mortgage moves house after five years, his policy could then repay a fresh 25-year mortgage more than 40 per cent. bigger. If the move occurred after ten years, the policy could repay a new 25-year mortgage of double the original one. Most U.K. building societies have already agreed to accept repayment of mortgages through this new policy.

Sales rise for Cray Electronics

The order book at Cray Electronics stands in excess of £5.5m.

and in most plants enquiries are still being received at a satisfactory rate, says chairman Mr. M. R. Baker.

Sales in the first three months of the current year are 15 per cent. higher than for the same period last year "but forecasting the future with any degree of accuracy is more hazardous than ever before," he adds.

As reported on September 18, pre-tax profit for the year to April 30, 1975 expanded from £151,500 to £171,150. The dividend is lifted from 1p to 1.3p net.

Great efforts were made throughout the year to conserve liquidity as an endeavour to

At June 28, Cope Allman International, the ultimate holding

company, had a 1.14 per cent. of

liquidity as an endeavour to

achieve the best return on

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been made, this policy has necessarily led to a restriction of capital expenditure, declares Mr. Bates.

The task of planned development and reorganisation, commenced three years ago, has continued and one small activity which was losing money was terminated during the year. The benefits of the reorganisation are now beginning to bear fruit and the group is well placed for a period of steady growth based on this consolidation and for more rapid growth when the appropriate opportunities arise.

Meeting, 5, Belgrave Square, S.W. on November 14 at noon.

Chairman's Statement Page 40



Sir Raymond Brown, chairman of Muirhead, who is due to-day to announce the company's preliminary results for the year ended September 30, 1974.

Walter Lawrence confirms outlook

To date Walter Lawrence has made progress towards a "satisfactory" result for the current year to June 30, 1976, confirms Mr. B. J. Pritchard, chairman, in his annual statement.

It is difficult accurately to forecast profits but the level of contract work to be carried out during the year indicates that the group should not be materially affected by reductions in the level of local and central government expenditure.

While the immediate outlook is uncertain, "there are welcome signs of recovery in the Western economy. If there is a corresponding return of confidence and subsequent increase in investment in the U.K. the group's strong financial position will enable it to take full advantage of any improvement," he adds.

As reported on November 7, pre-tax profit was £844,000 (£793,000) in the year to June 30, 1975, compared with a forecast of "not less than" £93m. made in the June placing statement. Dividend total is 4.35p net per 25p share.

All building companies had a successful year and exceeded their forecast. Mr. Pritchard, chairman of Muirhead, says: "Contract work outstanding at the end of June supplemented by 'substantial' contracts subsequently won, "ensure a good level of activity in the current year."

The directors are confident that the building companies will continue to obtain a fair share of whatever work is available and have taken steps to expand their activities in the housing sector while the demand is likely to be affected by other sectors by continuing economic difficulties.

They are also carefully exploring the possibility of expanding building activities into overseas markets as an obvious hedge against a recession in the building industry in the U.K.

Turning to property development and investment the chairman says that building costs and sales at Highbury have progressed in accordance with budget, on the basis of which a provision of £220,000 was made against the development, in the prospectus. Apart from Highbury, the group's involvement has been at the lower

BOARD MEETING

The following companies have dates of Board meetings to be held for the purpose of considering dividends. Official indications are available whether dividends are to be paid and when. The date before which a dividend is paid is the date of record.

TO-DAY

British Foods, Chancery Lane Investments, Godfrey Davis Construction, Thomas Marshall, Metal Box, Secondaire & Cie.

Finlays—Cumbrian and General

Future Dates

Chapman and Co. (Bathurst)

Clover Dairies

Cropper (James)

Derricote Stables

Faraday (John)

Faraday Investment Trust

Johnson Matthey

Land Securities Trust

Leeds and Luton Invest.

Northern Securities Trust

Rees-Mogg

Rothschild

Saint Gobain

Saint Gobain

Stevens of Godalming

Time Products

Trotter and Parker

Turner (Matthew)

Carr (John) (Dover)

Compton and Farmer

Glenmark Investment Trust

Judge International

Macmillan and Farmer

Mitropechko Investment Trust

Ransome Hoffmann Pollard

Scottish Investment Trust

Stockholders Investment Trust

Wolverhampton Dudley Brewster

"Amended."

end of the market" where have been good and have satisfactory profits."

Mrs. Guy Lawrence and

Prichard, as executors of

estate of Mr. G. G. Law-

son held 13 per cent. of the

A statement of source

application of funds shows</

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

A cheering week in all sectors

By MARY CAMPBELL

The feeling in the Eurobond market was mixed last week, by fears on the aerospace industry in general. The City of Montreal's \$30m proposed offering which has yet to be priced, will not exceed 10 per cent. There is a three-strong management group headed by Nikko Securities with Dillon Read running the books. A convertible for Mitsubishi Electric is expected to follow Asahi.

Two new dollar issues have been announced, both for Mitsubishi Heavy Industries. The Kuwait International Investment Company heads the management group. The other is a \$30m convertible for Asahi Chemical of Tokyo. Coupon is 9 per cent on a five-year maturity for Mitsubishi.

Even leaving aside New York, uncertainty about U.S. interest rates was clouding Japanese borrowers. One is for Mitsubishi Electric, which offers an indicated coupon of 6½ per cent on a 15-year and issue price par.

The McDonnell Douglas issue, after being priced at 9.8, was quoted at 97½/81 on Friday.

Apparently allotments were large. Some market sources suggest that its single-A rating has

maturity. Note-holders have an option to redeem in September 1980 at 112 per cent, if they so wish. The conversion premium will not exceed 10 per cent.

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for Mitsubishi Electric is

expected to follow Asahi.

Also in the dollar sector, a

\$15m. five-year private place-

ment has been arranged by

Warburgs for Toray Indonesia

workers. Ferodo's stake will start

at 15 per cent, although Poclain

said this may be increased later.

Above all else the news has

scattered reports circulating on

the Bourse that Ferodo, on the

prompting of the Industry Minis-

try, would take direct equity

stake to help out Poclain, which

recently reported a first-half loss

of Frs.961m. (68.5m.) on sales of

Fr.961m.

Instead, most industry experts

see the deal as providing the

basis of a stronger French pres-

ence in the field of components

for lifting equipment. It also

shows that Poclain's problems

are related to the current reces-

sion rather than to any inherent

structural weakness.

The new arrangements will not

affect Poclain's co-operation deal

with Volvo of Sweden, nor its

recent agreement with a French

firm, Pofina, in the sphere of

mobile cranes. The deal mainly

creates a stronger French group

to withstand competition from

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ound financial strength at Scottish Property

LANCE sheet of Scottish growth in earnings can be confidently anticipated as increased position of "sound financial strength" and bank facilities available and as current developments required, according to Mr. Walton, chairman, in his completion. These factors will apply significantly throughout the coming year.

Reviews now being agreed "very satisfactory increases" the policy of arranging long-term finance and pre-leasing developments over the next three years will further enhance the acquisition of properties for y revenue. There will be a investment or for development, annual growth over the next which has proved particularly rents, he says. By the mid will continue, he states.

Disposal of properties, the chairman says, will only be considered where, by redeployment of the company's resources or by of £4.5m. subject to no reinvestment in property of superior quality, the overall return can be improved without prejudice to the underlying asset.

confident that the company will be able to pay for the short-term fluctuations in the dividend on the capital as increased by the maximum.

Properties are held solely for the purpose of long-term investment and revenue earnings, and no adjustment of book value or property investments to which took account mainly of other factors would be warranted at the present time.

At the annual meeting in Glasgow on December 8, shareholders will be asked to consider

capitalising £0.49m. from £0.11m. in the share premium account and £0.36m. in reserves.

The directors seek to appropriate sums to holders at October 24, 1975, and to pay in full £2.7m. of 20p shares in the proportion of one-for-ten.

Highland Electronics optimistic

EXPORT efforts are being expanded at Highland Electronics and the company is now in a strong position to meet from its investment in property of the U.K. economy.

Properties, according to Mr. Delal, chairman, in his annual

statement, "will continue to be held solely for the purpose of long-term investment and revenue earnings, and no adjustment of book value or property investments to which took account mainly of other factors would be warranted at the present time.

In the year 1974/5 new efforts were made in exporting and export sales expanded 30 per cent with the continuing growth in the current year.

Total sales to date are "above forecast" and outstanding order books are satisfactory, says Mr. Delal. The improved results and management techniques have resulted in a positive cash flow in the current year enabling the company to actively consider expansion of manufacturing in the future.

At Ardena the company was faced with a particularly difficult year due to the free issue of the new National Health care level hearing aid. By a careful analysis of the market and the introduction of very high quality hearing aids of types not available on the National Health, Ardena changed the previous year's substantial loss into a position profit for the year ended April 1975.

As reported on October 31, profit on trading advanced by 35 per cent to £3.0m. in the year ended April 30, 1975. Dividends are up from 6p to 8p net.

Meeting, Connaught Rooms, WC, December 11 at noon.

WIMPEY'S OIL SERVICE COMPANY

A joint company "Wimpey

Wimpey and Esso Oilfield Services—whose subsidiaries include Strongway Drilling International. It will provide a complete offshore inspection, maintenance and repair service for oil and gas installations and pipelines.

Initially the company will concentrate on the North Sea but it also intends to offer its services internationally. It will use the existing resources and personnel of the parent companies to fulfil its contracts.

To date group has made good progress towards satisfactory result for year to 30th June 1975.

Copies of the report and accounts can be obtained from The Secretary, Mr. Lawrence Ltd, Lawrence House, Sun Street, Sawbridgeworth, Hertfordshire, CM21 9LX.

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

CONSOLIDATED PROFIT AND ORDINARY DIVIDEND

The audited consolidated results for the year ended 30th September 1975 are set out below:

	1975	1974
Turnover	£521,360,000	£726,200,000
Consolidated profit before taxation	114,264,000	93,028,000
Less: Taxation	35,412,000	29,610,000
	78,852,000	63,418,000
Less: Attributable to outside shareholders in subsidiaries	12,619,000	9,487,000
Consolidated profit after taxation	£66,233,000	£53,931,000
Number of fully paid ordinary shares in issue	98,564,000	98,522,000
Number of ordinary shares on which earnings per share are based	98,535,000	97,525,000
Earnings per ordinary share	67.2 cents	55.3 cents
Dividends per ordinary share on fully paid shares issued	23.0 cents	20.0 cents

A final dividend of 16.0 cents per share has been declared. This dividend with the interim dividend of 7.0 cents per share, makes a total distribution of 23.0 cents for the year, an increase of 15 per cent over the dividends for 1974. The final dividend is payable to shareholders registered on 28th November 1975, and a formal notice to this effect appears below.

C. S. BARLOW.

Chairman.

14th November, 1975.

ORDINARY DIVIDEND NO. 92

NOTICE IS HEREBY GIVEN that a dividend of 16.0 cents per share has been declared payable to shareholders registered in the ordinary share register of the company at the close of business on 28th November 1975. This dividend, together with the dividend which was declared on 16th May 1975, makes a total distribution in respect of the financial year ended 30th September 1975 of 23.0 cents per share (1974 20.0 cents).

The transfer books and registers of members of the company in South Africa and the United Kingdom will be closed from 29th November 1975 to 5th December 1975, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted on or about 23rd January 1976 to shareholders at their registered addresses or in accordance with their written instructions received up to and including 28th November 1975.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 9th January 1976.

In terms of the South African Income Tax Act 1962, as amended, a non-resident shareholder's tax has been imposed on dividends payable to:

(a) persons other than companies not ordinarily resident nor carrying on business in the Republic of South Africa, and

(b) companies which are not South African companies and are not carrying on business in the Republic of South Africa.

and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa.

By order of the Board,

W. C. WARRINER, Group Secretary.

14th November, 1975.

Registered Office:

33 de Beers Street,

Braamfontein,

2001—South Africa.

(P.O. Box 4862,

Johannesburg,

2000—South Africa.)

United Kingdom Registrars:

Lloyd's Bank Limited,

Registrar's Department,

The Causeway,

Goring by Sea,

West Sussex.

Transfer Secretaries:

Rand Registrar's Limited,

Devonshire House,

49 Jorissen Street,

Braamfontein,

2001—South Africa.

(P.O. Box 3179,

Braamfontein,

2017—South Africa.)

Middle East pipelines will hit tanker demand

BY JAMES McDONALD

IT IS fortunate for tanker owners that most of the new Middle East pipeline systems will not be in use until some time when, it is hoped, the surplus of oil tankers throughout the world will have been reduced, comments Terminal Operators, part of Rodenholz House, Middlesex Street, London.

"It is impossible to quantify S.I. Ans."

by how much the new lines will reduce the shipping need compared to the position without them." But its report stresses that a reduction in tanker demand because of the pipelines is inevitable.

Middle East Pipelines and their Impact on Tanker Demand, Terminal Operators, Rodenholz House, Middlesex Street, London.

NOTICE OF REDEMPTION
to the holders of debentures payable in American Currency
of the issue designated

8 3/4% Sinking Fund Debentures due December 15, 1979

(herein called "Debentures") of the

PROVINCE OF NEW BRUNSWICK, CANADA

PUBLIC NOTICE IS HEREBY GIVEN that the Province of New Brunswick intends to and will redeem for SINKING FUND DEBENTURES on December 15, 1979, pursuant to the provisions of the Debentures, the following Debentures as indicated, of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

Debentures bearing the prefix BM-B:

00013 00527 01260 01825 02524 03158 03890 04428 05050 06320 07570 08182 08832 09455
00024 00528 01274 01826 02541 03175 03890 04429 05051 06315 07561 08207 08838 09456
00025 00545 01281 01825 02547 03192 03891 04430 05052 06316 07562 08208 08839 09457
00026 00546 01282 01826 02548 03193 03892 04431 05053 06317 07563 08209 08840 09458
00027 00547 01283 01827 02549 03194 03893 04432 05054 06318 07564 08210 08841 09459
00028 00548 01284 01828 02550 03195 03894 04433 05055 06319 07565 08211 08842 09460
00029 00549 01285 01829 02551 03196 03895 04434 05056 06320 07566 08212 08843 09461
00030 00550 01286 01830 02552 03197 03896 04435 05057 06321 07567 08213 08844 09462
00031 00551 01287 01831 02553 03198 03897 04436 05058 06322 07568 08214 08845 09463
00032 00552 01288 01832 02554 03199 03898 04437 05059 06323 07569 08215 08846 09464
00033 00553 01289 01833 02555 03200 03899 04438 05060 06324 07570 08216 08847 09465
00034 00554 01290 01834 02556 03201 03900 04439 05061 06325 07571 08217 08848 09466
00035 00555 01291 01835 02557 03202 03901 04440 05062 06326 07572 08218 08849 09467
00036 00556 01292 01836 02558 03203 03902 04441 05063 06327 07573 08219 08850 09468
00037 00557 01293 01837 02559 03204 03903 04442 05064 06328 07574 08220 08851 09469
00038 00558 01294 01838 02560 03205 03904 04443 05065 06329 07575 08221 08852 09470
00039 00559 01295 01839 02561 03206 03905 04444 05066 06330 07576 08222 08853 09471
00040 00560 01296 01840 02562 03207 03906 04445 05067 06331 07577 08223 08854 09472
00041 00561 01297 01841 02563 03208 03907 04446 05068 06332 07578 08224 08855 09473
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00043 00563 01299 01843 02565 03210 03909 04448 05070 06334 07580 08226 08857 09475
00044 00564 01300 01844 02566 03211 03910 04449 05071 06335 07581 08227 08858 09476
00045 00565 01301 01845 02567 03212 03911 04450 05072 06336 07582 08228 08859 09477
00046 00566 01302 01846 02568 03213 03912 04451 05073 06337 07583 08229 08860 09478
00047 00567 01303 01847 02569 03214 03913 04452 05074 06338 07584 08230 08861 09479
00048 00568 01304 01848 02570 03215 03914 04453 05075 06339 07585 08231 08862 09480
00049 00569 01305 01849 02571 03216 03915 04454 05076 06340 07586 08232 08863 09481
00050 00570 01306 01850 02572 03217 03916 04455 05077 06341 07587 08233 08864 09482
00051 00571 01307 01851 02573 03218 03917 04456 05078 06342 07588 08234 08865 09483
00052 00572 01308 01852 02574 03219 03918 04457 05079 06343 07589 08235 08866 09484
00053 00573 01309 01853

RMP

Rand Mines Properties Limited

(Incorporated in the Republic of South Africa)

CONSOLIDATED PROFIT AND DIVIDEND

Consolidated Profit

The audited consolidated results of the group for the year ended 30th September, 1975, with the 1974 comparative figures were as follows:

	1975	1974
Turnover	R23 309 000	R25 776 000
Profit before taxation	4 943 000	3 427 000
Less: Taxation	1 108 000	411 000
Profit after taxation	3 835 000	3 016 000
Less: Net profit attributable to outside shareholders in subsidiary companies	278 000	6 000
Profit after taxation attributable to shareholders of the company	3 557 000	3 010 000
Surplus on sale of fixed assets	23 000	—
Appropriations:	1 498 000	1 383 000
Surplus on sale of fixed assets transferred to reserve	R2 059 000	R1 627 000
Dividend No. 8 of 13.0 cents per share (1974: 12 cents per share)	11 521 715	11 521 715
Retained surplus for the period	30.3 cents	26.1 cents
Number of shares issued		
Earnings per share based on profit after taxation attributable to shareholders of the company		

NOTE:

The increase in turnover and profits arose from the property activities of the company and the inclusion of Thesen and Co. (Pty) Ltd. for the full year compared with six months in 1974. After receiving State assistance, mining profits decreased to R136 000 compared with R419 000 in 1974.

Dividend Declaration

Notice is hereby given that dividend No. 8 of 13.0 cents per share has been declared payable to shareholders registered in the share register of the company at the close of business on 28th November 1975.

The transfer books and registers of members of the company in Johannesburg and the United Kingdom will be closed from 29th November to 7th December 1975, both days inclusive. Dividend warrants will be posted on or about 16th January 1976, to shareholders at their registered addresses or in accordance with their written instructions received up to and including 28th November 1975.

The dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividends from the office of the United Kingdom transfer secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 2nd January 1976.

In terms of the South African Income Tax Act 1962, as amended, non-resident shareholders tax of 15 per cent has been imposed on dividends payable to:

(a) Persons other than companies, not ordinarily resident nor carrying on business in South Africa and

(b) Companies which are not South African companies and are not carrying on business in the Republic.

and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside South Africa.

By order of the Board
A. D. Waters,
Secretary.

Transfer Secretaries:
Rand Registrars Limited,
2nd Floor, Devonshire House,
49, Jorissen Street,
Braamfontein 2001,
(Postal—P.O. Box 31719,
Braamfontein, 2017).

Registered Office:
Off Main Reef Road,
Crown Mines,
Johannesburg 2001,
(Postal—P.O. Box 27,
Crown Mines, 2025)

United Kingdom Transfer Secretaries:
Charter Consolidated,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent TN24 8EQ.
14th November, 1975.

This announcement appears as a matter of record only.

TOTAL

TOTAL INDONESIE

U.S. \$120.000.000

FLOATING RATE LOAN

Guaranteed by

COMPAGNIE FRANÇAISE DES PÉTROLES

Managed by

BANQUE DE L'INDOCHINE
ET DE SUEZBANK OF AMERICA
N.T. & S.A.

BANKERS TRUST INTERNATIONAL LIMITED

BANQUE NATIONALE DE PARIS

MIDLAND BANK LIMITED

MORGAN GRENFELL & CO. LIMITED

and also provided by

Algernon Bank Nederland N.V. Allied Bank International Banco de Santander S.A.

Banque du Benelux S.A.

Banque Européenne de Crédit (BEC)

Banque Provinciale du Canada

Barclays Bank S.A. Paris

Caisse Centrale des Banques Populaires

Canadian Imperial Bank of Commerce

Chemical Bank

Commerzbank International S.A.

Compagnie Financière de la Deutsche Bank AG

Crédit Chimique

Crédit Industriel d'Alsace et de Lorraine

Crédit Suisse London Branch

Dresdner (South East Asia) Ltd.

First National City Bank (Paris)

— Dresdner Bank Group —

First Pennsylvania Bank N.A.

Girard Trust Bank Irving Trust Company

Lloyds Bank California Los Angeles

Lloyds Bank International (France) Ltd.

Mellon Bank N.A.

Norddeutsche Landesbank International S.A.

Security Pacific National Bank

Société Lyonnaise de Dépôts et de Crédit Industriel

Trade Development Bank (France)

Trinkaus & Burkhardt (International) Ltd.

United California Bank

Agent Bank

BANQUE DE L'INDOCHINE ET DE SUEZ

APPOINTMENTS

Senior executive changes at John Laing Construction

Mr. Charles H. Craft, managing director of the building division, JOHN LAING CONSTRUCTION, will be appointed chairman of the division from January 1. Mr. Craft, who has been with the Group since 1931, is a director of the parent company, John Laing and Son.

Mr. Leslie J. Holliday, at present assistant managing director, will become managing director of the division on the same date. Mr. Holliday is also a director of John Laing International.

Mr. G. L. Spital will retire at his own request on December 31, as chairman of Delta Building Products, a subsidiary of the DELTA METAL COMPANY, of which he will remain as non-executive director. Mr. K. R. Hardwick, at present deputy chairman of Delta Building Products and a director of the Delta Metal Company, will succeed Mr. Spital as chairman of Delta Building Products.

Mr. John A. Rolls, an assistant treasurer of MONSANTO, St. Louis, Missouri, has been appointed director of finance. He continues as an assistant treasurer.

Mr. R. R. St. J. Berwickshire, chairman of MARSHALL INVESTMENTS, has resigned from the Board of CATERPILLAR following the decision of interests in MARSHALL INVESTMENTS and subsidiaries.

Mr. Bas Kardel has been appointed managing director of Simeco International, part of the REED GROUP, of which he is also a director. Mr. Kardel, who took over his appointment on December 1, joined Reed Group in 1973 and became a director of Simeco International when it acquired the Dutch-based Handelmaatschappij Firma B.V. of which he is managing director.

Mr. Harry Bengough has been elected chairman of ST. JAMES'S ADVERTISING AND PUBLISHING COMPANY in succession to Mr. J. M. Williams, who has vacated the office on reaching the age of 65. Mr. Williams remains on the Board as a non-executive director.

Mr. E. R. Porter has been appointed treasurer and senior vice-president of NATIONAL WESTMINSTER BANK, executive director, North America, in New York. He was formerly chief representative, treasurer's department, international banking division.

Mr. J. A. Airey has been appointed sales director of HAWKER SIDDELEY DYNAMICS from January 1.

Mr. Barrie C. Johnston has been appointed a director of CHARTERHOUSE JAPHET (NORTHERN), the Manchester branch of CHARTERHOUSE JAPHET.

Mr. Maurice Tattersfield, a deputy managing director of the FGD GROUP, has retired from the Board. He continues as a trustee of the staff pension fund, and will act as consultant to the group's chairman on special projects.

Mr. T. R. Auchincloss has resigned his directorship of CADBURY SCHWEPPES to devote more time to his personal business interests.

Mr. Frank Connor has been appointed a director of CADBURY SCHWEPPES to devote more time to his personal business interests.

Mr. J. M. Macpherson has been appointed a director of FOTHER GILL AND HARVEY, in a non-executive capacity.

Mr. James L. Rawlinson, vice-president of BANK OF AMERICA, has been appointed head of loan syndication in the bank's Europe, Middle East and Africa division headquarters based in London.

Mr. Bernard T. M. Jones, chairman and chief executive of RECKITT and Colman Australia, has for health reasons resigned from the chairman and from the Board. He has been succeeded as chairman by Mr. Ian R. L. Barron. Mr. Jones will remain a director of the new company RECKITT AND COLMAN.

Mr. Frank Connor has been appointed a director of TOPACCO SECURITIES TRUST. He will continue as manager and secretary to the company.

Mr. David Drew has been appointed a director of BOOSEY AND HAWKES.

Mr. J. K. Reddy, group financial controller of BERNARD WARDLE, has been appointed to the Board of its subsidiary, DURAPLEX INDUSTRIES.

Mr. Paul Barron has been appointed to the Board of JOHN STEPHEN OF LONDON and becomes managing director. Mr. Barron has acquired 747,800 Ordinary shares in the company from Mr. John Stephen and Mr. E. W. Franks. Mr. Stephen continues as chairman and Mr. Franks as a director and they both retain shareholdings in the company. Mr. A. D. Coward has resigned as a director but retains his shareholding.

Because of other business commitments, Mr. R. E. W. Newman has asked to be released from the position of chairman of THAMES PLYWOOD MANUFACTURERS, which remains a director. Mr. C. P. Charlton has been appointed a director and has been elected chairman.

Mr. Anthony R. Pritchard has been appointed a director of SUPRA MASTERPARTS.

Mr. S. A. Bradbury has been appointed managing director of FARMERS FERTILIZER COMPANY. He succeeds Mr. W. S. Keatley who has been managing director for 25 years. Mr. Keatley remains on the Board as a consultant.

Mr. Noel T. J. Page has been appointed secretary of HINDSON PRINTING GROUP and replaces Mr. F. E. Prosser, who has retired but continues as a non-executive director. Mr. Page was secretary and director of the subsidiary Andrew Reid and Co.

Mr. Eugene K. O'Shea has been appointed a director of ULTRAMAR. Mr. O'Shea is a senior vice-president and general counsel of American Ultramar. Mr. Bertie Ault has been appointed alternate director to Mr. Lloyd E. Bensen of Ultramar. Mr. James Allan, has been appointed alternate director to Mr. Arnold Lorbeer.

Mr. David A. Shaw has been appointed to the Board of COMMODITY ANALYSIS as financial director and will continue as secretary.

Mr. William E. Lindsey has been appointed financial director of JOY MANUFACTURING (U.K.).

Mr. Martin B. Alton, formerly secretary and manager of BANKERS' TRUST INTERNATIONAL, has been appointed secretary to the BRITISH TRANSPORT DOCKS BOARD following the appointment of the present secretary, Mr. Keith Stuart, as director and general manager from January 1. Mr. Alton will join the Board on November 17, taking up his full responsibilities on January 1.

Mr. T. Edge and Mr. D. C. McQueen have been appointed assistant managing directors of L. J. DEWHIRST, Mr. J. Crook has been made a director.

Edgar Hamilton and Carter (Holdings) has made the following appointments to the Board of EDGAR HAMILTON AND WELLARD: Mr. J. W. Hathaway (chairman), Mr. T. W. Wellard (managing director), Mr. S. C. Wescoburn and Mr. A. R. Phillips.

Mr. R. C. Kernick is leaving the Board of GRAND METROPOLITAN for personal reasons and will also relinquish his position as managing director of International Distillers and Vintners. He has agreed to remain in his present capacity until the end of 1975. Mr. Geoffrey Palau, who has been a director of IDV since 1970, will then act as IDV's managing director until a permanent appointment is made.

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FURNITURE

The 38th Annual General Meeting of F. Austin (Leyton) Ltd. was held on 14th November, 1975 at the Company's Registered Office, London E10 7PZ.

During the year we successfully developed and marketed several new domestic ranges of packaged self assembly furniture that have met with a very encouraging response, both from our traditional outlets and also from those outlets outside our normal distribution channels. We believe there to be substantial growth potential in this type of furniture in both home and overseas markets and in this connection we are furthering our policy of participating in International Exhibitions.

In the present economic climate it is hazardous to forecast results for the current year but so far our sales are up to expectation. We are fully equipped both with plant and labour to take full advantage when the economy improves.

ADAMSFOODS

Record year at Adams Foods



At the Annual meeting of Adams Foods Limited, at Leek, the Chairman Mr. J. H. Adams, referred to a "most satisfactory" year and told shareholders that the group's diversification policies had been entirely vindicated by the growth in non-butter areas. As previously announced group turnover in the financial year ended 28th June 1975 increased by some £11 M to a record £60.7M whilst profit before tax was up from £429,000 to a further record level of £665,000.

In his Annual Review of the activities of the various divisions of the group, Mr. Adams drew shareholders' attention to the newly formed Fresh Dairy Foods Division where, he said, the aim was to achieve national coverage during 1976 with dairy cabinet product ranges—yogurt, cream desserts, cream and other popular short-life products—under the Adams/Kerrygold banner. He said that recently Kerrgold real fruit yogurts had been enjoying increased sales and had registered substantial market shares.

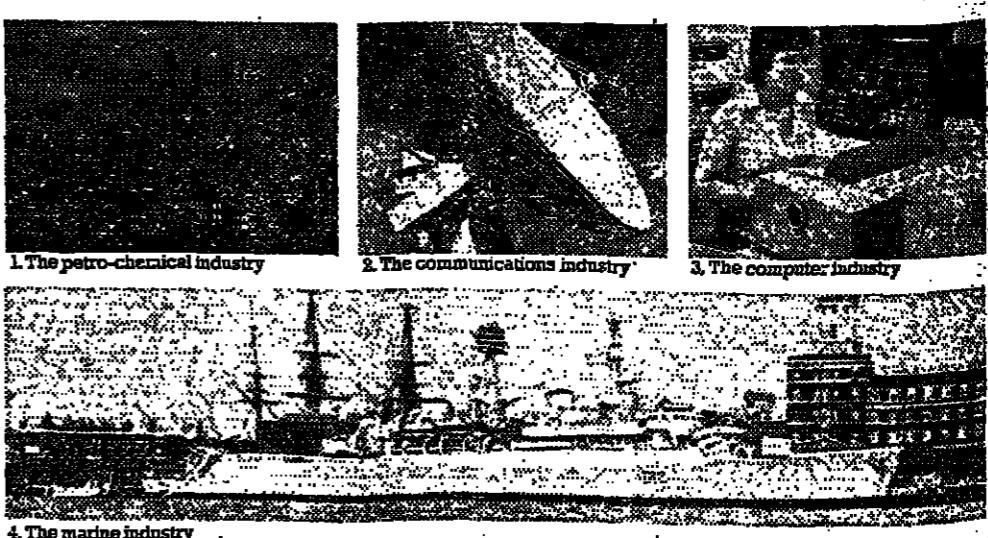
Better than forecast'

At Adams Biscuits, Uttoxeter, the chairman said business had developed better than forecast over the last year, with a doubling of sales of the "Regal" and "Elkes" biscuit brands. Exports were also encouraging and the company had established sales links in North America and Canada with shipments now regularly going forward to those and other export markets.

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Cray Electronics Ltd

The activities of the Cray Electronics Group consist principally of specialised mechanical, electrical and electronic engineering, including the development and manufacture of new products and the refurbishment of existing equipment, serving four major industries:



Results at a Glance £'000: 1975 1974
Turnover 7,237 6,165
Profit before Tax 517 161
Profit after Tax 231 44
Dividend 1.3p 1.0p
Earnings per Share 3.41p 3.69p

